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# FINANCIAL TIMES

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Weekend April 14/April 15 1990

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## WORLD NEWS

### Cool Polish response over Katyn

Poland yesterday gave a muted welcome to Moscow's admission that the Soviet Union was responsible for the 1940 massacre of thousands of Polish army officers in the Katyn forest near Smolensk.

Solidarity leader Lech Walesa, who is threatening to challenge Wojciech Jaruzelski for the Polish presidency, said admissions were not enough and the perpetrators must be brought to justice. Page 23

**Clauses in Jerusalem**  
Israeli police were out in force in the Old City of Jerusalem to avert clashes between religious groups in the Christian quarter during Good Friday ceremonies. Page 22

**New Delhi bombing**  
A bomb aboard a bus in the Indian capital, New Delhi, killed at least 10 people. In the northern city of Baroda, six died in Moslem-Hindu clashes and 15 were killed when tribal militants in the north eastern state of Assam derailed two trains.

The latest incidents came amid more sabre-rattling between India and Pakistan. Indian Prime Minister V.P. Singh accused Pakistan of "evil designs". Page 3

**Nepal political reform**  
A new interim government in Nepal is to be formed by the end of next week, said a veteran opposition leader after talks with King Birendra. The meeting was the first between the king and Ganesh Man Singh, 75, since opposition groups began campaigning for reform two months ago.

**Two more surrender**  
Two more prisoners surrendered at Strangeways prison in Manchester, leaving fewer than 13 who have held out since rioting broke out there almost two weeks ago. Nightly viewing in day's cold light. Page 6

**Toxic gas closed**  
More than 1,000 people were evacuated when toxic fumes spread from chemicals stored at a GEC-Marconi research centre at Great Baddow near Chelmsford, Essex. Twenty-two people, including six police officers, needed treatment.

**Normandy air crash**  
Three Britons died and a fourth was injured when their small aircraft crashed on the outskirts of Bayeux in Normandy. The engine apparently exploded in mid-air. The four were on their way from Bourg-en-Bresse to Perpignan in southern France.

**Mozambique truce call**  
Mozambique's Renamo rebels, who have been fighting the country's left-wing Government for 14 years, announced a two-day Easter truce and urged the Government to follow suit. Direct Angola-Unita talks expected soon. Page 3

**Food irradiation fears**  
Government ministers are having second thoughts about allowing food to be irradiated. Page 22

**Shorter working week**  
More than 2,000 workers at Lucas factories in South Wales voted for a two-hour reduction in their working week to 37 hours. The vote lifts the threat of industrial action. Page 3

**Tax staff threatened**  
Poll tax staff at Edinburgh-based Lothian Regional Council are to be trained in self-defence after receiving threats from members of the public. Cappedborough starts law suit. Page 4

**Security products score**  
At least eight L'Oréal products were found in Northern Ireland with notes attached warning that animal rights activists had contaminated the products with paint stripper. Supermarket chains cleared the products from their shelves. Page 4

## MARKETS

STERLING	DOLLAR
\$1.645 (1.643)	New York
London	DM1.6716 (1.6705)
\$1.642 (1.643)	FTT-5775 (5.616)
DM2.7475 (2.7525)	SF1.462 (1.4785)
FF9.2225 (9.2325)	Y155.2 (157.0)
SF2.435 (2.44)	N/A
Y260.0 (same)	FT-A All-Shares
E Index 87.0 (87.1)	FT-A World Index
GOLD	136.88 (0.21%)
New York Comex Jun	DM1.6719 (1.6745)
\$37.9 (37.4)	FF9.2225 (5.620)
London	SPY-143 (1.4945)
\$37.5 (25)	Y158.2 (same)*
US CLOSING RATES	5 Index 95.2 (93.3)
N SEA OIL (Argus)	Tokyo closing Y158.42
Brent 15-day May	34.34 (+2.42)
\$15.9	Tokyo Nikkei
Chief price changes yesterday: Page 4	Fed Funds 6.5% (same) 29.213.82 (-40.25)

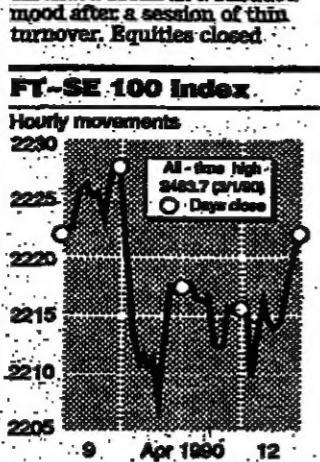
## BUSINESS SUMMARY

### BTR extends \$1.64bn offer for Norton

BTR yesterday extended until April 27 its \$1.64bn (£998m) offer for Massachusetts-based Norton Company, the abrasives, advanced ceramics and performance plastics maker, after 62.7 per cent of its outstanding shares – just short of the two-thirds required – were pledged to the UK industrial conglomerate. Page 22

**FT-SE 100 SHARE INDEX**  
The London stock market went home on Thursday for the extended break in a subdued mood after a session of thin turnover. Equities closed.

**FT-SE 100 Index**  
Hourly movements



firmly after a day of minor and erratic movements in market indices. The index rose 6.6 to 1,222.1, or only a one-point gain on the week. London stocks. Page 18; Lex, Page 22

**SMITHKLINE BEECHAM**, UK-based pharmaceuticals and consumer products group, is confident that by the end of the year it will have significantly cut its debt, partly through further disposals.

**LEIGH INSTRUMENTS**, the Ottawa-based electronics supplier jointly owned by GEC of the UK and West Germany's Siemens, has been forced into bankruptcy by large cost overruns on Canadian defence contracts. Page 16

**CRÉDIT LYONNAIS**, the French state-owned bank, unveiled a 62 per cent increase in net profits last year to FF72.15bn (£335m). Page 16

**CHEMICAL BANK**, seventh largest US bank, and Bank of New York have announced first-quarter results which underline the increasingly difficult commercial banking conditions in the US. Page 16

**MIDLAND BANK** this week began to raise credit of £350m to help finance UK exports to Iraq. Page 3

**KERRY PACKER**, the Australian financier, has withdrawn a hostile takeover bid for Bond Media, a national television station operator that is part of Alan Bond's beleaguered corporate empire. Page 11

**FORGING** industry in the UK staged a third successive year of recovery after its decline in the early 1980s. Page 3

**LONDON UNITED INVESTMENTS**, troubled UK insurance group, said it had terminated a management agreement with US-based Anglo American since. Page 8

**BLACKS LEISURE**, UK camping and sporting goods retailer, said results for the year to March 3 were likely to be "materially below those of the previous year" when it made £2.3m before tax. Page 3

**ALLIED MAPLES**, part of the Asda supermarket group, is shedding 76 jobs across its store network. Page 8

**ERSKINE HOUSE GROUP**, UK distributor of facsimile and photocopier machines, saw its shares fall nearly 30 per cent when it unexpectedly warned that profits for 1988-89 would only match the previous year's performance. Page 8

**PLASTIC CARDS**: A European code of practice has come under attack from the Consumers' Association, which says some of its clauses are unreasonable and unfair. Page 4

## Gorbachev threatens to block vital supplies to Lithuania

By Our Foreign Staff

**Mikhail Gorbachev** of the Soviet Union threatened yesterday to cut off the flow of vital supplies to Lithuania, if the republic refused to rescind its declaration of independence within two days.

The goods, although not specified, would almost certainly include oil, natural gas, coal and machinery.

The threat – the strongest so far against the breakaway republic – was made in a letter to the Lithuanian leadership published by Tass news agency. Mr Gorbachev said laws passed last month by the republic's parliament sought to "undermine the country's political and social economic stability."

The move came after weeks of growing tension between Moscow and the republic, which declared its independence on March 11. On Thursday, Lithuania agreed with the two other Baltic republics – Latvia and Estonia – to develop a "Baltic Common Market" within which their economic policies will be co-ordinated.

Lithuania's leaders have

called for talks with Moscow on the republic's future, but they have refused to go back on the independence proclamation.

Mr Gorbachev's letter, also signed by Mr Nikolai Rykov, the Prime Minister, said several laws adopted by the Lithuanian parliament since the proclamation "can no longer be tolerated." These included a call to boycott military service and the introduction of a "citizenship certificate" deemed discriminatory against Soviet citizens. These measures, the letter said, set Lithuania "against other republics and the Soviet Union as a whole."

"Other constituent republics are asking quite rightly why they should continue supplying production to Lithuania at the expense of their own needs, while the Lithuanian leadership disregards the interests of the entire country's economy."

It added that "we do not wish to see matters reaching the point of using this measure" but this depended on the Lithuanian leadership.

In a further move against

the republic, Soviet soldiers were reported to have occupied the Institute of Communist Party History in Vilnius, the Lithuanian capital, and expelled pro-independence volunteers guarding its archives.

The building was the latest in a series to be occupied in Vilnius since Lithuanian authorities declared independence. Its archives are believed to contain material relating to the republic's forcible incorporation into the Soviet Union in 1940.

The setting-up of the Baltic common market was agreed in Vilnius between the three Baltic Prime Ministers: Mr Edgar Savisaar of Estonia, Mr Vladas Bresis of Latvia and Mrs Kazimiera Prumskaite of Lithuania.

Under the terms of the accord, economic laws and measures will be cleared through a Baltic Co-ordination Commission, to be based in Latvia. The process will start later this year.

In a related development, Mr Rein Ostason, the chairman of

Continued on Page 22

## Iraqi gun barrel accusation absurd say makers

By Victor Mallet, Middle East Correspondent

**THE SHEFFIELD company** Forgeasters Engineering, manufacturer of what UK customs officials suspect are parts for a gigantic gun barrel for Iraq, dismissed the accusation as absurd yesterday and insisted that it was simply selling sections of flanged piping for a petrochemicals project.

Iraqi officials and government-controlled newspapers have also pounced on the allegations, which came two weeks after Britain and the US prevented the export of suspected nuclear triggering equipment to Baghdad.

"Even if we buy a box of chocolate from Britain, they'll say Iraq will use it to produce an atomic bomb," said Mr Tareq Aziz, the Iraqi Foreign Minister.

Forgeasters Engineering, a subsidiary of Sheffield Forgeasters, released a promotional video about the manufacture of 52 tubes for two Iraqi contracts. It said 44 had already been delivered and the remaining eight were those impounded on Wednesday by Customs and Excise at Teesport, Middlesbrough.

British officials acknowledged yesterday that if the sections seized could indeed make up a gun barrel, Iraq already seemed to have several others in its possession.

"Most people will recognise the absurdity of suggestions being made that these pipes are in fact guns," Forgeasters said.

"Companies seeking to export products illegally do not make a complete record of their illicit operation on video, nor do they use that self-same video for promotional purposes."

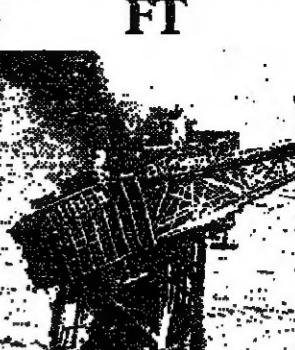
Forgeasters said the pipes were for use in the polymerisation of polyethylene, a stage in the manufacture of certain plastics.

Petrochemical engineers confirmed that some processes for the production of low-density polyethylene did require high-pressure tubing.

Exports of such tubes do not appear to be covered by the Department of Trade and Industry's restricted list for chemical and petroleum equipment. According to the Customs and Excise, however, the pipes were covered by the

Continued on Page 22

## Weekend FT



## LIFE: IS THE PRICE RIGHT

Can you value life in financial terms? Jane McLoughlin reports on those who do

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## Finance

The poll tax has had a troubled launch. What happens now it's here?

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## Perspectives

FT journalist Mark Huband tells of his capture at gunpoint by Liberian rebels

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## Property

London's lost season

Page XI

## Food & Wine

Edmund Penning-Roswell forecasts a great year for Bordeaux

Page XVI

## How To Spend It

Lucia van der Post picks fashionable garden furniture

Page XVII

## Yachting

In colour: the best of British style, plus the rebirth of Swansea marina

Page XX

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## OVERSEAS NEWS

## W Germany setting pace in E Europe

WEST Germany is setting the pace in forming partnerships with companies from eastern Europe, while the UK not only lags in eastern expansion but risks being left behind in ventures within the European Community, writes Alan Cane.

Peat Marwick McLintock, the management consultant, estimates that 120 partnerships were formed between West German and east European companies in the first quarter of 1990, compared with only 42 in the preceding quarter.

Continental of West Germany, the world's fourth largest tyre maker, has begun exploring how to help create a viable tyre manufacturing industry and distribution infrastructure in East Germany, adds John Griffiths.

### Elf looks east for joint venture

Elf Aquitaine, the French state-controlled oil company, has formed a joint venture to produce and sell its marine lubricants to the Soviet Union, which has the world's largest merchant fleet, George Graham reports from Paris. Elf will take 30 per cent of the venture, while the Krementz oil refinery in the Ukraine will have 70 per cent.

### French insurer in Poland

French insurance company Assurances Générales de France (AGF) said it was close to a deal with Poland's new government giving it a share of the country's insurance market, Reuter reports from Paris. AGF is also holding talks in East Germany and Czechoslovakia.

### Belgian entry for HK people

Belgium's Foreign Ministry said yesterday that a special right of entry scheme has been arranged for Hong Kong citizens working for Belgian companies in the colony, as well as for their spouses and children. Meanwhile, China attacked Britain's attempts to persuade other countries to give rights of entry to Hong Kong citizens who are seeking foreign passports, when Peking regains sovereignty over the colony in 1997, report Tim Dickson and John Elliott.

### Portugal revises privatisation

The Portuguese government announced a revised privatisation programme and new cuts in administrative expenditure. Patrick Blum writes from Lisbon. Five state-owned companies will be privatised "immediately". These include Unicer and Centrafer, the breweries and Transinsular, a small shipping company. Another segment of Banco Totta e Acores will be sold, with the state keeping a minority stake.

### US-Soviet trade talks in offing

The US and the Soviet Union have tentatively agreed to hold trade talks in Paris on April 24-26, a US embassy spokesman said yesterday, Reuter reports from Paris. The meeting will be the fourth in a series aimed at Moscow gaining most favoured nation trade status with the US.

## Recession fears revive as US retail sales fall

By Anthony Harris in Washington

TWO unexpectedly weak figures for the US economy have re-awakened fears of a possible recession, after they had largely disappeared in recent weeks.

A research organisation, said that a "credit crunch recession" had started in most of the US, and a government official of the Federal Reserve, the central bank, said the risks of recession were very serious.

Newly released figures showed that the value of retail sales fell an estimated 0.6 per cent in March, after a 0.3 per cent drop in February. This is the first time since 1986 that sales have fallen in two successive months.

Also, producer prices fell 0.2 per cent, the first fall since August, whereas a small rise had been expected.

Retail sales had been expected at least to hold steady, despite the weak car market. In fact sales apart from cars fell 0.4 per cent.

There is some suspicion that seasonal adjustment does not make adequate allowance for the fact that Easter fell later this year than in 1988. This may have held back pre-holiday sales of clothes in March, but the market for household durables and furniture is in any case depressed by the con-

## IG Metall prepares for 'warning strikes'

By David Goodhart in Bonn

THE executive of the West German metal union, IG Metall, has called on all its regional committees to prepare "warning strikes" for the end of April, due to a continuing stalemate in negotiations over its claim for an 8.5 per cent pay rise and a 35-hour week for its 2.5m members.

The employers claim that any form of strike action before May 9, when the last of the regional negotiations are due, would be illegal. The employers have been pressuring for more flexible, and weekend, working in return for concessions on pay and hours.

I G Metall denies that its members will be less willing to contemplate strike action in the light of the national challenge presented by re-unification with East Germany. Over-

flowing order books and a tightening labour market - unemployment is less than 2m - will both be on its side if it does battle.

Like other West German unions, I G Metall has belatedly started building contact with its counterpart in East Germany and has strongly supported the East German demand for conversion of wages there into D-Marks at one to one.

The former East German trade union association, FDGB, looks set to withdraw as its constituent members draw closer to their richer counterparts in West Germany. Some unions, such as the West German Trade, Banking and Insurance Union, have already planned full-scale mergers with their opposite numbers.

## French budget move

By George Graham in Paris

THE FRENCH government plans a further cut in its budget deficit, to FF 30bn (23.6m) at most, in 1991, with lower company taxes and a reduction in its higher rate of value-added tax.

Mr Michel Charasse, Budget Minister, told the National Assembly, in a budget orientation debate, that the deficit, lowered from FF 31.5bn in 1988 to FF 30bn this year, must be cut by at least FF 10bn more next year and again in 1992.

The government has often come under attack in the last two years from members of its own Socialist Party who wanted increased spending, but now seems to have won the argument. To Mr Charasse's surprise, Mr Alain Richard, spokesman for the backbench Finance Committee, called for an even larger cut in the 1991 deficit, of FF 13bn to FF 15bn.

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Manchester M2 4PD

Algemeen Bank Nederland N.V.  
36, Worcester Street  
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Amsterdam 14, April 1990  
The Managing Board

## Keeping faith and taking umbrage

Hugh Carnegy reports on conflicting claims in Old Jerusalem

**I**N THE medieval crush of Jerusalem's Old City - where Jew, Christian and Moslem live in conditions of combustible claustrophobia - it is sometimes hard to distinguish reality from fiction, rumour from fact, faith from fanaticism.

So it was yesterday, on Good Friday, a solemn day in the Christian calendar, the day of Christ's crucifixion. Feelings in the Christian quarter - swollen with Greek, Italian and other Easter pilgrims - were running high after the sudden occupation two days before of a large Christian building, St John's Hospice, by no fewer than 150 Orthodox Jews making an unprecedented and highly provocative incursion across the delicate boundaries which separate the Jewish, Christian, Moslem and Armenian quarters of the walled city.

On Thursday, a demonstration against the Jewish settlers by Christians and Moslems, led by Diodorus I, the venerable Greek Orthodox Patriarch, was broken up by Israeli police firing teargas.

Yesterday, the atmosphere was calmer. But riot police, slung with clubs, teargas guns and automatic rifles, were much in evidence as the black-robed patriarch, shouldering a large wooden cross, made his way amid a large procession up the Via Dolorosa, past the disputed hospice, to

the Church of the Holy Sepulchre. A sombre church bell tolled occasionally.

A few moments later, the police suddenly stiffened as a tall young man lurched up the narrow street, clutching his heavily bloodstained chest. One officer moved to grab him. But the moment of tension dissolved just as quickly as it became clear he was an actor. Unaccountably, a film crew was shooting an action feature at the scene. "He was in Rocky IV," said a production assistant of the "wounded" hero.

Round the corner in St John's Hospice, protected by clutches of gun-toting guards, the Jewish settlers affected similar unconcern. "Most of the families here didn't even know it was Easter week," said Mr Yehuda Pinksky, spokesman for the group, which is linked to a hard-line nationalist Jewish seminary established in the Moslem Quarter.

Surely the settlers could not have failed to realise the uproar their action, establishing themselves in Greek Orthodox property in the Old City, would cause?

"There is certainly a statement being made that Jews have the right to live anywhere in the Land of Israel," replied Mr Pinksky as he guided reporters around the 72-room complex, its high-ceilinged

apartments already full of romping children and adults scrubbing the faded walls and floors.

The Israeli courts have to adjudicate the competing claims of the settlers and the Greek Orthodox Church, which says the Armenians who sold the settlers a 16-year lease on the hospice was its tenant and had no right to do so.

Meanwhile, many and conflicting accounts of how the huge building fell into Jewish hands passed along the Old City's alleyways.

Settler group members said the money for the purchase - \$3.5m was apparently paid by a Panama-registered company - was put up by "careful investors". They arrived with the key, having completed the sale, and simply walked in.

Christian Quarter residents remembered differently. "They came with guns. They closed off the streets and 200 of them broke into the building," said Mr Amos Abu Solb, employee of a cafe on the corner of the hospice.

A stranger can shake his head at the impenetrability of all this. But one fact is clear: events such as that at St John's Hospice rub raw the deep resentments that could explode between Jerusalem's communities.

## Bangladesh expects \$275m in aid soon

RUND-STARVED Bangladesh is expecting \$275m (\$181m) from the World Bank soon, to save its economy, hit by falling foreign-exchange reserves and other problems, Reuter reports from Dhaka.

Officials said a Bangladeshi team had successfully negotiated with World Bank officials for a \$175m financial-sector adjustment credit. The World Bank also promised another \$100m loan for the energy sector last month.

The money is part of \$330m set aside for Bangladesh, but held up until certain conditions were met. Bangladesh receives \$100m in economic aid annually.

### Korean students clash with police

Hundreds of students demanding withdrawal of US troops have clashed with riot police in the provincial city of Taegu, AP reports from Seoul.

About 1,000 students marched from Chonnam University shouting "Expel US soldiers" and riot police responded with tear gas. Some 300 students at Taegu's Gwangju University also fought police with rocks and firebombs, demanding US forces pull out. No injuries or arrests were reported.

### Nigeria debt plea to Bonn and Tokyo

Nigeria will take its campaign for external debt relief to Bonn and Tokyo later this month, finance officials said yesterday, Reuter reports from Lagos.

Bon and Tokyo are among Nigeria's biggest creditors. The officials said a negotiating team headed by Mr Olusegun Obasanjo, head of Nigeria's biggest creditor.

Mr Bartold Witte, head of Bonn's Foreign Ministry cultural department, says Germany is a model for eastern European countries setting out towards a post-Communist future. "This is not just because of continuity of cultural and linguistic relationships (with eastern Europe), it is because we (West Germans) have built up a democracy after the catastrophe of totalitarianism."

For state-run economies emerging into liberalism, the German brand of "reformed capitalism", avoiding the excesses of Anglo-US liberalism, is also a great attraction for east Europeans, Mr Witte says.

M. Wilfried Gub, Deutsche Bank's supervisory board chairman, said last month that the social dimension in Germany's economy offered the "third way" to east Europeans wary of full-blooded capitalism.

That services have been sharply reduced in some rural areas rubbish collection is virtually non-existent.

Mr Frank McDonald, an author and journalist who has long been a critic of government environmental policy, says: "The fundamental thing is that there is no real consensus here about the need for rules and regulations of any kind. The Irish political system is built on patronage and favour - if you have the financial muscle and political clout, you can do just about anything."

Ireland is receiving almost £3bn from the EC to help it compete in post-1992 Europe. Road-building is a central part of what the Government describes as the biggest development programme in the history of the Irish state. Critics say the Government, supported by the EC, is sacrificing the environment in favour of large, prestige projects.

Roads are already carving up whole sections of Dublin, says Mr McDonald. "Other EC countries, like France and the Netherlands, are investing heavily in public transport. Even the British are now realising that building more roads only means more cars. But we just carry on regardless."

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## Dangers stalk a green and pleasant land

Kieran Cooke reports on Ireland's environment as Dublin projects a clean image



In Dublin's (cough, cough) fair city, they're wearing smog masks rather than the green tree days

aging to push through difficult environmental directives in the course of their EC presidency. Mr Flynn says he wants to make Ireland "the site of choice" for green industries.

Also, the Government is battling to attract foreign industry to Ireland as a way to tackle the country's 18 per cent unemployment rate. In Cork, in the south of the country, a group of environmentalists and local residents is fighting a recent decision to allow Sandoz, the Swiss pharmaceutical company, to build a £15m plant in the harbour area. Cork is home to nearly 90 per cent of Ireland's chemical industry, which has grown substantially in recent years. Local residents complain about a smell like putrefying cabbage hanging over the area. Fishermen say chemical effluents threaten fish stocks.

Sandoz argues its project is

entirely clean and safe. It will create more than 200 jobs in a region of chronic unemployment. The Government is providing an undisclosed amount of funds for the project.

Critics say the Government lacks the political will to implement environmental regulations. Every summer many thousands of fish are killed in the country's rivers, mainly because of effluent released from farm pig farms. More than 100 such "fish kills" were recorded last year. Environmentalists say the authorities have been reluctant to take action against those responsible, mainly because of the powerful political influence of the farm lobby.

Ireland is very centralised;

local authorities have few powers.

A range of government cuts in recent years has meant

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## OVERSEAS NEWS

# Midland begins to raise Iraqi credit

By Stephen Fidler, Euromarkets Correspondent

**MIDLAND** Bank this week began to raise a £250m credit to help finance UK exports to Iraq, despite the differences between Baghdad and London over repeated Iraqi attempts to procure technology for military industries.

Midland was told on Monday that it had won the mandate after competitive bidding among international banks, understood also to have included the British merchant bank, Morgan Grenfell.

The credit line, which will be provided by a syndicate of

international banks brought together by Midland, is being raised under an agreement signed last November between the British and Iraqi governments. The credit will provide loans of up to five years to support British exports and is to be guaranteed by Britain's Export Credits Guarantee Department.

The loans — covering exports in 1990, but likely to run into next year — are the latest in a series of credit lines for Iraq raised in recent years with the backing of the ECGD.

Midland was awarded a mandate to raise £340m for 1989. Exports of arms to Iraq from Britain are forbidden. A spokesman for Midland said that, as far as the bank could ascertain, the previous credit line had not been used to finance the export of the high-specification pipe impounded by customs this week in Toledo, Cleveland.

Customs officials have said the pipe could be used in a huge gun and thus is being exported illegally to Iraq. The Iraqi Government says the

piping is intended for use in a petrochemicals plant. Britain is one of only a few countries in the world to continue to provide insurance cover for exports to Iraq, largely because Iraq has regularly serviced its commercial debt to Britain.

This stands in sharp contrast to the experience of most other export credit agencies, such as that of Japan, which have suffered significant delays in payments and repeated loan re-schedulings.

# 'Biggest trench mortar since Crécy'

What it would be meant to fire is still a puzzle, writes David White

**T**HERE is nothing like this in the experience of professional gunmakers," said one British ordnance expert, incredulous about the shipment of metal castings seized by UK Customs this week and alleged to be parts of a 40-metre gun barrel for Iraq.

From the point of view of the gun industry, it sounds a very odd piece of equipment," he added.

The gun, if it was one, would have to fire a projectile the size of "a very large dustbin", and it was far from certain that this could be done in a performance comparable with that of well-proven missile systems.

The age of big guns — although none with barrels quite as big as this, with a calibre of one full metre, according to initial reports — faded with the advent of the German V-1 and V-2 rockets targeted on Antwerp, London and southern England towards the end of the Second World War.

Iraq, along with other Middle Eastern nations, has invested heavily in building up capability in missiles.

It possesses, and used against Iran during the Gulf War, missiles based on SS-1C Scud-B rockets which it



Bull: Influence

developed a 155mm-calibre howitzer, the GC 45. Two versions of this, one produced in Austria under licence and the other re-worked by Armstrong of South Africa to achieve a claimed range of 40km, are both in service in Iraq. Iraq also possesses the Austrian Bertha gun.

They also cite the influence of Dr Gerald Bull, the Canadian-born ballistics expert regarded as a kind of latter-day Alfred Krupp; the Krupp family company forged the Big Bertha gun of World War I.

Dr Bull worked at the US Defence Department in the 1960s on a High Altitude Research Project gun; seen then as a possible cheap way of getting payloads into space.

He specialised in designing improved-range artillery systems. In the late 1970s, through a Belgian joint venture called SRC International,

The Belgian company founded

series Réunies de Belgique (PRB), which was a partner in SRC International and which continues to market howitzer munitions developed with Dr Bull, was taken over last September by Astra, the British fireworks and ammunition group.

Astra is currently considering legal action against the Belgian group from which it bought PRB. This is understood to follow the discovery of suspect contracts at PRB, which were reported to the British authorities and subsequently the Belgian Government. However, both company representatives and government officials have maintained secrecy as to the destination of these contracts.

Among the unanswered questions about the alleged "super-gun" project are the kind of projectile it would be meant to fire, according to gunnery experts. They described the ballistics problem involved as "horrendous." A gun barrel of these dimensions would not necessarily have to be rifled if it was intended to fire at a high angle. "It would be the biggest trench mortar we've seen since Crécy," one gunnery expert said.

# India repeats border warning to Pakistan

By Ian Rodger in Tokyo

**N**EW DELHI, yesterday repeated its warnings to Pakistan over intervening across the border, as Indian security forces kept up searches in Kashmir for Muslim militants, David Hougham reports.

Prime Minister V.P. Singh told a gathering of chief ministers that Pakistan had been sending arms and equipment, including anti-tank mines, to separatists in Kashmir. His message to Pakistan and the militants was: "You will not succeed."

In Anantapur, a few miles from the Pakistan frontier, he said the clouds of war were again hovering over India, with Pakistan encouraging insurgency in Punjab and Kashmir. In Srinagar, 200 militants were reported arrested in searches by the Indian army. Militants kidnapped a local Congress Party leader, and bomb blasts were reported from three places in the valley, killing at least one person.

Among those arrested was Mr Abdul Ghani Lone, chairman of the People's Conference, a recognised local political party, and the father of two leaders of the Jammu and Kashmir Liberation Front.

In Delhi, a senior official said India had no wish to dislodge Ms Benazir Bhutto, Prime Minister of Pakistan, a move which could set back democracy there 20 years.

India yesterday reported an exchange of fire in the Kashmir region, in which five Pakistani soldiers were killed. Pakistan called the report unfounded.

A bomb exploded on a bus in New Delhi yesterday, injuring at least 22 people, agencies report. Sikh militants have in the past exploded bombs in the Indian capital.

# Japan merchandise surplus up

By Ian Rodger in Tokyo

**J**APAN'S merchandise trade surplus in March rose 7.2 per cent year-on-year to \$7.1bn (£4.1bn) on a 4.8 per cent fall in imports to \$18.9bn, and a 1.8 per cent drop in exports to \$26.6bn.

The March rise may signal the widely forecast end of an 11-month declining trend that was enough to cause the surplus for the 1988-90 fiscal year to drop to \$59.65bn, 24.3 per cent lower, than for 1988-89. Economists fear the recent weakening of the yen is starting to boost Japanese exports again and discourage imports.

For the fiscal year, exports rose only 0.8 per cent to \$273.6bn while imports jumped 10.3 per cent to \$213.9bn.

Exports to the US fell 0.4 per cent to \$32.1bn while imports from the US jumped 13.4 per cent to \$46.4bn. The imbalance with the US fell 12.7 per cent to \$42.75bn but stayed high, accounting for 71.6 per cent of the total surplus, up from 62.1 per cent in the previous year.

The trade surplus with the EC fell 13.9 per cent to \$19.2bn and the surplus with non-communist Asian countries dropped 14.6 per cent to \$17.1bn.

Exports of transport machinery, including motor vehicles and motorcycles, eased 0.2 per cent from the previous year to \$67.07bn, reflecting the displacement of exports by local production of Japanese companies in the US and western Europe. Exports of electric and electronic equipment dropped 1.7 per cent to \$63.2bn for the same reason.

• Inflationary pressure in Japan is not increasing now, and the jump in wholesale prices in the last fiscal year was mainly due to introduction of a 3 per cent consumption tax and the weaker yen, economists said. Reuter reports from Tokyo.

The 3.5 per cent rise in the wholesale price index in the year ended March 31, 1990 from the 1988-89 year was the highest in five years. The yen's decline and the 3 per cent tax from April 1 last year accounted for 70 per cent of this rise, a Bank of Tokyo economist said.

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For the past week, the ruling party has held an extraordinary congress, broadcast daily on radio in the hope of convincing the country's almost 1m herdsmen and their families that it will make changes needed to stimulate an economy now officially classified as "stagnant".

Party reformers argued for rapid change to keep pace with new parties which are fast enlisting members with promises of pluralism, a market economy, and sweeping changes in foreign policy, in this country of 2m which has been a virtual Soviet satellite for seven decades.

Many Mongolians suspect that the MPRP, which considered dropping the "revolutionary" title, has still to settle

important ideological arguments and that promises made at the congress could be broken in coming days.

"This was just theatre, nothing more," a student said.

Meanwhile, six other political groups have said they will form a social democratic coalition to contest an election, expected to be held in the summer.

At the close of its congress, the MPRP announced that the country's cadre population would be halved, and that the present politburo would be replaced by a presidium, whose members would not hold state posts, in the interests of separating party and government.

It also talks of developing an economic policy that blends "our nomadic traditions with the achievements of the world."

# Mongolian leadership overhauled

By Robert Thomson in Ulan Bator

**M**ONGOLIA'S communist party has overhauled its leadership, admitted that a boast 24 years ago of achieving close to perfect communism was premature, and has paved the way for the country's first elections since revolution in 1921.

The announcements, made yesterday, come as opposition political parties are trying to build popularity by forming coalitions, rush through manifestos, and, in one case, host rock and roll concerts to increase support from young Mongolians.

A spokesman for the ruling Mongolian (communist) People's Revolutionary Party (MPRP) said humanistic democratic socialism has become the party's goal.

But a protest poster stuck on Ulan Bator's largest depart-

ment store said the claimed reforms are a sham.

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## UK NEWS

## CBI says 'green' policies must not handicap business

By John Hunt, Environment Correspondent

PROPOSALS for protecting the environment must not put UK companies at a disadvantage or increase inflation, the Confederation of British Industry is to tell the Government.

The CBI's national council has drawn up a report responding to a white paper on the environment to be published later this year.

The CBI believes industry should be given incentives – either by tax concessions or direct grants – to invest in new environmental technology, and it wants government incentives for environmental improvements in the home, particularly for insulation.

The report, to be sent to Mr Chris Patten, the Environment Secretary, reflects industrialists' fears about the high costs of meeting stricter environmental requirements.

The CBI fears such costs might fuel inflation unless the Government ensures that its white paper proposals have a neutral effect on the economy.

Mr John Banham, director general of the CBI, said taxes, laws and protests by "green" pressure groups could achieve nothing on their own.

"Business will need to be able to invest very large sums of money to create the better environment we all want," he said.

**Difficult trade-offs** were

involved and there were no simple and cheap answers. "In the end, consumers will pay for a cleaner environment, or another," he said.

The national council says important environmental issues such as global warming can be tackled only by international agreement, and emphasises that such agreements must not place British business at a competitive disadvantage through unfair energy pricing or uneven enforcement of international regulations.

If Britain were to act alone and introduce a carbon tax on fossil fuels, it would mean the loss of the country's competitive position, the report says.

It asks the Government to announce a campaign to promote energy efficiency as a means of reducing the use of carbon-producing fuels such as coal and oil, which create the greenhouse effect, leading to global warming.

The document calls for measures to reduce traffic congestion by getting the right balance between new road-building programmes and more investment in public transport.

It also calls for faster planning procedures for the change of land use to allow for incinerators to be built to deal with waste that will no longer be dumped in the North Sea.

## Easter air passengers escape serious delay

By David Churchill, Leisure Industries Correspondent

HOLIDAYMAKERS escaping wet weather in Britain yesterday to fly to Mediterranean resorts got away without serious delays at airports, in spite of fears that air traffic control difficulties would lead to lengthy waits.

Both Heathrow and Gatwick airports said records numbers of passengers flew out at the start of the Easter holidays. Gatwick is expecting a total of 405,000 passengers over the weekend, an increase of 21 per cent on last Easter. Heathrow is due to handle some 140,000 passengers each day over the period.

Leading package tour operators report that most Mediterranean resorts are fully booked, but the level of bookings this year is still about 20 per cent lower than last year.

## Food Safety Bill proves easy one to swallow

Brigid Bloom sees little to upset the salmonella-inspired legislation . . . short of a new health scare

**I**N THE light of recent scares about the safety of food in Britain, the smooth progress of the Government's Food Safety Bill through Parliament must be music to ministers' ears.

Mr David Maclean, the Food Minister, admitted as much when he described as "very civilised" the bill's line-by-line committee stage scrutiny in the Commons, which ended last week. "We had 99 per cent agreement from the Opposition, and much positive discussion of the issues."

Mr David Clark, the Labour Party's shadow Agriculture and Food Minister, does not go so far, listing four areas of continuing disagreement. In a backhanded compliment, though, Mr Clark declares that "under a Labour government the bill would be the basis for a pretty good food safety policy."

The spur to action for a completely new bill was provided by the salmonella-in-egg affair of the winter of 1988-89 and subsequent food scares that have ranged from Isteria in soft cheeses to the potential bacteriological peril in chilled "ready meals."

It should become the Food Safety Act 1990 by mid summer, replacing the Food Act of 1984, itself an amalgam of legislation stretching back 50 years.

Mr John Gummer, Minister of Agriculture, Fisheries and Food, made much of the new controls which would cover food production from "the farm to the shop," when he launched the bill last November. He highlighted the new "catch-all" provision, making it an offence to supply food that is "injurious to health, unfit for consumption or contaminated."

A tenfold increase in penalties to £20,000 or six months' imprisonment could be imposed by a magistrate's court under the new act. On indictment, there could be unlimited fines and up to two years' imprisonment.

Mr Gummer declared that his aim was to extend controls over all the food supply chain while yet avoiding "unnecessary burdens and controls on the food industry." Midway in the bill's progress through Parliament, the consensus seems to be that that will be achieved, in spite of the remaining contentious issues.

Undoubtedly the most politically controversial of the bill's provisions is the one that would allow irradiation of food – although, ironically, the word irradiation appears nowhere in the draft legislation, nor will it appear in the Food Act itself.

As Mr Maclean points out, the act is an enabling one. For example, before irradiation is legalised, regulations must be introduced that would license the process and decide upon how irradiated food should be labelled.

"People seem to think that the bill will be passed in July and irradiated food will be in the shops in August," Mr Maclean says. "But if we do decide to use the new powers there will be months of consultation with interested parties and then the regulations will have to be submitted to and passed by Parliament."

Mr Clark, along with virtually every other organisation with a keen interest in the new food legislation, from the National Consumer Council to the Food and Drink Federation, does not see why the Government feels it must rush into permitting food irradiation.

They insist that there is no need for any action until there are agreed EC-wide rules, and they may yet win their point. In spite of ministerial declarations that irradiation is perfectly safe and a useful tool to preserve (for example) spices and prawns, ministers may yet decide to hold off from

what might well be a politically damaging decision.

More substantial and ultimately more important to food safety as a whole are the "novel foods" issue and the Government's decision to provide for the registration – as distinct from the licensing – of food premises.

The Labour Party, the NCC and the Consumers' Association, as well as the Government-appointed Richmond Committee on Food Safety, which reported in February, have called for the licensing of such premises, which, they argue, would give greater control to the local authorities that must enforce the main provisions of the new act.

Government officials point out that although the act would give the Government the power to license if that were found necessary (and although it would continue the present licensing system for dairies), the new enforcement arrangements should prove sufficiently tough.

On novel foods, however, the Government has moved to meet objections from the NCC, among others, and will introduce a system of positive licensing, particularly for foods containing genetically manipulated organisms.

Mr Maclean says: "We want this new clause to be sufficiently flexible so that we don't, for example, have to license kiwi fruit." That in turn prompts Mr Clark to wonder whether the new clause, when it appears next month, will be sufficiently rigorous.

The remaining area of contention concerns finance. Last November, Mr Gummer announced that an extra £25m a year would be made available to the local authorities, whose environmental health officers and trading standards officers are the main agents of enforcement.

Government officials admit that local authorities could if they wished put that money towards alleviating the burden of the poll tax; there is

apparently no way of ensuring that it goes on food safety.

Mr Clark raises a further point, maintaining that the nature of local government financing is such that local authorities will only actually receive a third of the new money. Mr Clark also reckons that, given the need to train new enforcement officers, the extra real cost of enforcing the new Act would be an annual £45m.

The issue seems likely to surface as the bill comes on to the floor of the House of Commons for its Report stage early next month, where the irradiation issue will again be aired.

But for the rest, there should be little further excitement – unless of course such peaceful progress is interrupted by new food safety scares.



Dr Clark meets Women's Institute members who oppose irradiation

## Cable TV franchise bid applications are closed

By Raymond Snoddy

THE Cable Authority has closed its doors to franchise applicants, concluding a programme that will leave two thirds of British homes covered by cable television franchises.

Applications for the franchise to cable 55,000 homes in the Newport area of Gwent were the last to be handled by the authority, which will become part of the new Independent Television Commission at the end of this year.

The last franchises will be awarded in July, after which 126 areas of the UK, covering 14.5m homes, will have cable franchises.

If all the franchises are taken up, they will involve a

£4bn investment and the laying of 20,000 miles of underground cable each year for the next six years.

The industry, which has been attracting investment interest from a growing number of US cable and telephone companies, hopes that the growth of satellite television with its incompatible standards and dishes will stimulate the market for cable.

In January, 57,063 households were subscribing to modern cable systems out of the 55,192 that could.

When older, more limited-cable networks were included, the total rose to 302,453 out of a total potential of 1.57m.

## Garda plea on extradition

By David Lascelles, Banking Editor

THE Garda Siochana, the Irish Republic's police force, has called for new legislation to stop abuses of the country's extradition laws, writes Kieran Cooke in Dublin.

Mr Patrick O'Brien, president of the Association of Garda Sergeants and Inspectors, criticised politicians for not acting to close "loopholes" in the extradition laws.

He told a conference: "I don't see legislators rushing to amend the law to ensure that there are no legal loopholes that fugitive terrorists could exploit to escape extradition."

Earlier, Mr Ray Burke, Ireland's Justice Minister, denied British accusations that the Irish Republic was a "safe haven" for terrorists.

The association singles out a requirement that the consumer should not only notify issuers about the loss or theft of a card, but also about mistakes made by the issuers them-

## Card code of practice attacked

By David Lascelles, Banking Editor

THE European code of practice for plastic cards which was issued in Brussels recently has come under attack from the Consumers' Association.

The association considers that some of the code's clauses are unreasonable and unfair.

The association said that although the code contained some welcome reforms, it tended to emphasise card issuers' rights at the expense of consumers' rights, particularly in what it considered the vital area of consumer liability for losses and fraud.

The association singles out a requirement that the consumer should not only notify issuers about the loss or theft of a card, but also about mistakes made by the issuers them-

selves. That should be the responsibility of the issuer, not the user, the association argues.

A requirement that consumers should demonstrate that they took action promptly when difficulties arise is also unreasonable in that they could be liable for fraudulent transactions if they failed to check their statements the moment they landed on the doormat, the association said.

Ms Jane Vase, head of the association's money group, said: "We're very disappointed with the new Euro-code."

She described it as a missed opportunity, particularly in the light of the recent wide-sweeping changes made by the issuers them-

showed what could be done to promote full and fair contracts between card issuers and holders.

The Euro-code, drawn up by associations of the big European banks and card companies, was designed partly to forestall direct regulatory action by the European Commission in Brussels to define and protect consumers' interests.

It is still not clear whether the code will satisfy the Commission. Officials in Brussels said this week that they would be subjecting the code to scrutiny.

However, there were suggestions that the code placed too many obligations upon the issuers, which, the association argued, were not justified.

## Tories may escape a trouncing in local elections

Richard Evans assesses the state of the parties in a council campaign that is likely to be hard fought



LOCAL ELECTIONS

THE NEXT three weeks may produce one of the roughest local election campaigns for years, as the Conservative Party seeks to recover from the battering it has received in the opinion polls and Labour tries to consolidate its lead.

On the face of it, the Tories should be set for another humiliation, but that might not necessarily be so. The 5,000 seats being contested in England, Scotland and Wales on May 3 were last fought in 1986, when Labour had a year of triumph, with net gains approaching 500 seats, and when the former Alliance parties also did very well.

Those elections came in the wake of the messy Westland affair, the controversial issue of British bases by the US in the bombing of Libya, and the Tory loss of the Fulham parliamentary seat to Labour. Labour and the Liberal Democrats, therefore, have more seats at risk than the Conservatives, compared with former years.

GRANVILLE SPONSORED SECURITIES						
High Low	Company	Price	Change	Gross	Yield	% P/E
343 295	Ass. Brit. Ind. Ordinary	330	0	10.3	3.1	8.9
38 19	Armitage & Rhodes	23	0	1.2	2.9	14.4
21 10	Banbury Group	100	0	4.2	2.9	14.4
125 102	Bartons Group C/Pref (SD)	107.0d	0	6.7	6.3	—
123 74	Bry Technologies	88	0	5.9	7.4	7.1
110 83	Brentnall Cos., Pref	83	0	11.0	13.3	—
315 285	CCG Group Ordinary	110	0	14.7	4.7	3.8
176 162	CCG Group 11% Cos. Pref	118	0	14.7	5.1	—
226 200	CDC Group	210.0d	0	6.5	3.6	12.4
110 109	Carbo 7.5% Pref (SD)	113	0	10.3	9.4	—
7.5 0.125	Maguire 6p Non-Voting B Conv.	0.125	0	-	-	-
130 91	Iols Group	91	0	8.0	8.8	5.2
145 55	Jackson Group (SD)	108	0	3.6	3.3	12.6
322 243	Mitrocom NV (Amst)SD	243	0	-	-	-
128 107	Monks Jevons	140	0	10.8	7.1	5.1
467 340	Scrutonics	340	0	18.7	5.2	3.6
160 106	United Europe Cos. PLC	155	0	9.3	6.0	—
395 270	Veterinary Drug Co.	270	-2	22.0	8.1	7.2
370 270	W.S. Water	307	-4	16.2	5.3	25.6

Securities designated (SD) and (SMA) are dealt in subject to the rules and regulations of the ISE. Other securities listed above are dealt in subject to the rules of the TSE. These securities are dealt in strictly on a matched basis basis. Neither independent Companies Exchange Limited nor Granville Davies Limited are market makers in these securities.

\* These securities are dealt on a restricted basis. Further details available.

## Capped borough starts lawsuit

By Richard Evans

THE LONDON borough of Hammersmith and Fulham

## UK NEWS - EMPLOYMENT

## Lucas staff accept hours-cut deal

By Diane Summers, Labour Staff

**WORKERS** at two Lucas Industries plants in South Wales have voted to accept a deal that will give them a staged reduction in hours over the next two years. However, strike ballots will go ahead at six other Lucas plants next week.

The vote was about two-to-one for acceptance of the deal which will mean a half-hour reduction immediately for the 2,000 workers at the plants, a further half-hour from January 1 1991, and one hour from January 1 1992.

By 1992, all employees will be working a 37-hour week,

probably over four-and-a-half days.

Following agreement of 37-hour deals at British Aerospace, Lucas became the principal target of a campaign by engineering unions for shorter hours throughout the industry. The company had previously been one of the strongest opponents of cuts to the standard 39-hour week.

Six other Lucas plants will hold strike ballots although talks are progressing at some of them, including Gillingham and Burnley. Leaders of the Confederation of Shipbuilding and Engineering Unions said

that Lucas could escape strike action if it adopted elsewhere in the agreement reached in South Wales.

Workers at three Weir Group factories will also be balloted in the next few days. If wider agreement is reached with Lucas, the campaign would shift its sights to a further 30 or so factories, including the Beeston, Nottingham, plant of GPT, the telecommunications company.

The only strike in progress over shorter hours is at BAE's Kingston upon Thames plant, where Acas, the conciliation service, has been involved in

talks to try and end the dispute.

CSEU leaders pointed out yesterday that, with only 2,000 workers now getting strike pay up to 10,000 were receiving it at one point — the campaign could afford to finance further action.

• At Rovers over the introduction of the first 37-hour week for manual day workers in the UK motor industry will resume after Easter following "good progress," said Mr Jack Adams, national automotive secretary of the TGWU general workers' union.

THE Army's latest recruitment scheme will allow groups of up to five friends to join, train and stay together for at least two years.

Brigadier Simon Lyle, director of recruiting, said research showed that young people considering joining the Army were concerned about joining on their own and about losing touch with their friends.

The scheme is being extended throughout Britain after a successful trial in East Anglia. Team recruitment has worked well in the US, according to the Army.

## Army to allow recruitment in peer groups

By Diane Summers, Labour Staff

EMPLOYEES should be required to notify all job vacancies to Jobcentres, suggests the latest report from the Institute for Public Policy Research, the think-tank set up to influence Labour policy.

Compulsory registration would improve service to the unemployed, enable labour-market demand to be properly monitored and, in turn, promote rational and effective planning of education and training, said the institute.

It also argues that the "actively seeking work" clause of the 1989 Social Security Act should be revoked in favour of an eligibility test based on the offer of a suitable job. "Helping people find work cannot be satisfactorily merged with policing their benefit eligibility," the report says.

Private employment agencies, though considered appropriate for specialist services, are seen by the report as fragmenting the provision of labour-market information. Their activities need to be regulated if they are to complement the employment service effectively.

Employers were compelled to notify vacancies to labour exchanges to cope with demobilisation after the last war.

Compulsory notification was introduced again between 1952 and 1955 but it then lapsed.

*The Future of Jobcentres: Labour Market Policy and the Employment Service*, by Dan Finn and David Taylor, IPPR, 18 Buckingham Gate, London SW1. £3.

## Fears of abuse provoke Tory unease on bill

John Mason looks at contention over the balance of labour laws

**WHEN** Employment Minister first floated their ideas for further reforms to clamp down on unofficial industrial action and outlaw the pre-entry closed shop there was widespread concern that these might amount to "a bill too far."

But with the Government facing higher-profile difficulties such as the poll tax, high interest rates and speculation about the Conservative Party leadership, the Employment Bill has so far enjoyed a relatively quiet and inconspicuous passage through the Commons.

It returns to the House after Easter and given the Government's large majority will reach the statute book largely unamended.

However, its line-by-line committee stage scrutiny, recently completed, showed that the measures provoked unease among some government supporters as well as opposition MPs.

Two Conservative MPs serving on the committee, Mr Spencer Batiste and Mr David Madel, criticised the bill for tilting the balance too much in favour of employers.

The most contentious proposal would permit selective dismissal, without right of appeal to a tribunal, of workers who would have protection against dismissal since the simple refusal to work in unsafe conditions was unlikely to constitute unofficial action.

Mr Blair said industrial case law stated that "unofficial action meant action designed to defeat or repudiate it."

Mr Batiste gave ministers a strong warning that the proposals could be abused. If the survival of a company was questionable and it was in a dispute, it might dismiss employees rather than meet redundancy costs.

This argument is bound to persist, as will a similar dispute on secondary action.

Mr Eggar agreed that a group of workers could have immunity and take action against their employer if directly affected by a dispute in another associated company. To Mr Blair, this was an admission that some secondary action would be allowed and amounted to the immunity Labour was seeking.

Mr Eggar responded by saying the "loyalty nexus" was the extent to which employees were directly affected.

The other issue likely to cause dispute is whether the bill will allow an employer to refuse to recruit someone on the basis of his or her activities in a trade union.

Mr Blair insisted the bill would effectively allow discrimination against a trade unionist on the basis of his or her activities. However, Mr Nicholls said this was covered by the bill since the matter could be determined by a tribunal.

Placing a burden of proof on employers would be difficult to operate fairly, he said.

Mr Madel wanted the notices of repudiation that trade

unions will have to issue to those taking unofficial action to be made more conciliatory to be said.

A wrong management reaction to an unofficial dispute could lead to further escalation.

Mr Patrick Nicholls, a junior Employment Minister, admitted that the wording of the notices was blunt, but said it would be necessary to be straightforward in such circumstances.

Labour's acceptance of the abolition of the closed shop in the light of the European Social Charter has not been greeted uncritically by all the party's backbenchers, but it ensured that the issue moved out of the spotlight and unofficial and secondary action became the main targets of opposition questioning in committee.

The main issue between ministers and Mr Tony Blair, the shadow Employment Secretary, was whether workers could be dismissed for taking action on health and safety grounds.

Citing existing health and safety legislation which allows appeal to a tribunal, Mr Eggar said workers would have protection against dismissal since the simple refusal to work in unsafe conditions was unlikely to constitute unofficial action.

Mr Blair said industrial case law stated that "unofficial action meant action designed to defeat or repudiate it."

Mr Batiste gave ministers a strong warning that the proposals could be abused. If the survival of a company was questionable and it was in a dispute, it might dismiss employees rather than meet redundancy costs.

"To give an open-ended licence to an employer to be able to pick and choose, without responsibility for justifying his actions to an industrial tribunal, would cut at the heart of a great deal of all that the Government have sought to achieve in industrial relations in the past ten years," he said.

He compared the proposals to the tradition in ancient Rome whereby the response to a mutiny by a legion was the random execution of 10 per cent of its members. The protection of the individual should be strengthened by allowing an appeal to a tribunal, he argued.

However, Mr Timothy Eggar, the Employment Minister who piloted the bill through committee, insisted that selective dismissal was critical to an employer's defence against unofficial strikes.

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## Report calls for requirement to notify Jobcentres of vacancies

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## Notice of Redemption To the Holders of

### Whitman Finance Corporation N.V.

(formerly IC Industries Finance Corporation N.V.)

### Sinking Fund Zero Coupon Bonds Due 1994

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of Section 5 of the Fiscal and Paying Agency Agreement dated May 15, 1982 among IC Industries Finance Corporation N.V. (now Whitman Finance Corporation N.V.) (the "Company"), IC Industries, Inc. (now Whitman Corporation), as Guarantor, and The Chase Manhattan Bank, N.A., as Fiscal Agent and Paying Agent, \$58,258,000 aggregate principal amount of the Company's Sinking Fund Zero Coupon Bonds Due 1994 (the "Bonds") will be redeemed, through operation of the sinking fund, on May 15, 1990 (the "Redemption Date"), at a redemption price equal to 58.692% of the principal amount of the Bonds to be redeemed (the "Redemption Price").

OF THE BONDS TO BE REDEEMED, BONDS REPRESENTING AN AGGREGATE PRINCIPAL AMOUNT OF \$53,798,000 HAVE BEEN DETERMINED TO BE ON DEPOSIT IN THE EUROCLEAR SYSTEM OR IN CENTRALE DE LIVRAISON DE VALEURS MOBILIERES S.A. THE CERTIFICATE NUMBERS OF SUCH BONDS HAVE BEEN COMMUNICATED DIRECTLY TO THE OPERATORS OF SUCH CLEARING SYSTEMS.

In addition to the Bonds held by the clearing systems mentioned in the preceding paragraph, the following Bonds have also been selected by the Fiscal Agent for redemption on the Redemption Date:

1 16891 17204 35675 34115 34840 32135 35601 36135 35855 37788 38178 38600 38049 39440 45495 54408 54859 55338 59770 56200 56705 57124 57598 69307 92237 97659 106085 107549 109078 12 16892 17205 35681 34116 34840 32136 35602 36136 35856 37789 38179 38601 38051 39441 45496 54409 54860 55339 59773 56205 56707 57125 57592 69311 92243 97660 106086 107554 109083 18 16893 17216 35682 34117 34841 32137 35603 36137 35857 37790 38180 38602 38052 39442 45497 54410 54861 55340 59774 56206 56708 57126 57593 69312 92244 97668 106087 107555 109084 22 16901 17217 35688 34127 34845 32138 35604 36138 35858 37795 38181 38603 38053 39443 45498 54411 54862 55341 59775 56207 56709 57127 57594 69313 92245 97669 106088 107556 109085 22 16902 17228 35691 34128 34846 32139 35605 36139 35859 37796 38182 38604 38054 39444 45499 54412 54863 55342 59776 56208 56710 57128 57595 69314 92246 97670 106089 107557 109086 26 16903 17229 35692 34129 34847 32140 35606 36140 35860 37797 38183 38605 38055 39445 45500 54413 54864 55343 59777 56209 56711 57129 57596 69315 92247 97671 106090 107558 109087 31 16904 17230 35693 34130 34848 32141 35607 36141 35861 37798 38184 38606 38056 39446 45501 54414 54865 55344 59778 56210 56712 57130 57597 69316 92248 97672 106091 107559 109088 37 16905 17231 35694 34131 34849 32142 35608 36142 35862 37799 38185 38607 38057 39447 45502 54415 54866 55345 59779 56211 56713 57131 57598 69317 92249 97673 106092 107560 109089 41 16906 17232 35695 34132 34850 32143 35609 36143 35863 37800 38186 38608 38058 39448 45503 54416 54867 55346 59780 56212 56714 57132 57599 69318 92250 97674 106093 107561 109090 45 16907 17233 35696 34133 34851 32144 35610 36144 35864 37801 38187 38609 38059 39449 45504 54417 54868 55347 59781 56213 56715 57133 57600 69319 92251 97675 106094 107562 109091 49 16908 17234 35697 34134 34852 32145 35611 36145 35865 37802 38188 38610 38060 39450 45505 54418 54869 55348 59782 56214 56716 57134 57601 69320 92252 97676 106095 107563 109092 53 16909 17235 35698 34135 34853 32146 35612 36146 35866 37803 38189 38611 38061 39451 45506 54419 54870 55349 59783 56215 56717 57135 57602 69321 92253 97677 106096 107564 109093 57 16910 17236 35699 34136 34854 32147 35613 36147 35867 37804 38190 38612 38062 39452 45507 54420 54871 55350 59784 56216 56718 57136 57603 69322 92254 97678 106097 107565 109094 61 16911 17237 35700 34137 34855 32148 35614 36148 35868 37805 38191 38613 38063 39453 45508 54421 54872 55351 59785 56217 56719 57137 57604 69323 92255 97679 106098 107566 109095 65 16912 17238 35701 34138 34856 32149 3561

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## The ethical way to invest

IS IT POSSIBLE to pursue an ethical or socially responsible investment policy? The question is deceptively simple and it carries several conceptual traps for the unwary. But since the Bishop of Oxford recently decided to mount a legal challenge to the Church Commissioners' interpretation of their investment powers and duties, the issue of ethical investment is firmly on the agenda.

The sceptics tend to rest their case on the inherent contradictions in the behaviour of those who claim to apply non-financial criteria to investment decisions. The Church Commissioners provide an obvious target. While seeking to earn the best possible return, they avoid companies which have their main business in armaments, gambling, alcohol, tobacco and newspapers. No investment is made in South African companies, nor in those with more than a small stake in South Africa.

The anomalies in this Anglican industrial equivalent of the Papal Index are numerous. Although the Commissioners eschew direct investments in armaments, they have a substantial portfolio of British gilt-edged stocks, which help finance one of the highest levels of military spending as a percentage of GNP in the developed world. The number of companies in British manufacturing that can claim to have no dealings at all with the Commissioners' prohibited industries is probably small.

In tobacco the Commissioners have no shares in BAT Industries, but have held a large stake in Hanson, which owns another UK tobacco giant, Imperial Group. And they do not fight shy of retailers like J.Sainsbury which sell tobacco and alcohol.

### Surreal touch

As for South Africa, the portfolio contains companies with sizeable businesses in South Africa even though they are insignificant as a percentage of total group earnings. Critics argue that the policy is myopic in relation to other repressive regimes with which British companies trade actively. The ban on newspapers adds a final surreal touch to the policy. Since when has free speech been unethical?

Part of the problem is that the Commissioners are simply trying to avoid causing distress to good Christian folk rather than establish a coherent set of ethical and social principles. Such an exercise would admittedly be fraught with difficulty in a global securities market because of different relative moral standards and expectations. But that does not mean that it is nugatory.

The argument here is remarkably similar to the sanctions debate in international relations. Sanctions are frequently said not to work. Yet most developed countries accept that it sometimes necessary to incur costs, in the shape of trade opportunities forgone, to affirm a set of shared values when confronting a miscreant state. An embargo may not bring the target state to its knees; but it can affect its behaviour.

### Good influence

To measure the effectiveness of an ethical sanction by whether it caused a country or company to make a U-turn makes as little sense as to describe sanctions against South Africa as futile because they have failed to destroy apartheid before now. The aim is to influence for the better. And opportunism as well as absolute values must play a part. South Africa is more vulnerable to every kind of sanction than China and there is a more enthusiastic constituency for the cause in Britain for reasons of history and Anglican representation.

The clerical supporters of the Bishop of Oxford object to their salaries being dependent on financial management that is out of tune with their understanding of the values of the Church of England. They are willing to incur a personal cost for a more robust investment policy. Many employees who were obliged to join occupational pension schemes as a condition of employment might well take equal exception to the criteria set out in the 1984 case over the Mineworkers' pension schemes, where the Judge, Sir Robert Megarry, argued that financial return was paramount and that trustees should even be prepared to act dishonourably in the interest of beneficiaries through practices like gauze-pooling.

That seems even sillier than the Church Commissioners' criteria. The divorce between individual and institutional values may be inescapable but it can be narrowed. More than \$50m of funds in the US is managed according to some kind of socially responsible investment criteria. Experience of ethical and social portfolio screening is building up in the UK in bodies such as Pensions & Investment Research Consultants and EIRIS. Local authority pension funds now combine to use their voting power against individual companies over social and environmental issues.

Like it or not, the days when portfolio decisions could be made in a complete moral and social vacuum are numbered.

**ONE OF** your staff has been taken hostage by a group of men with violent records. Are you going to risk using force to rescue him, or try to resolve the crisis by negotiation? The decision is yours.

**M**anagers in most occupations encounter this sort of nightmare dilemma only during management games at business schools. It is part of everyday life for a prison governor.

When John Howard, the famous prison reformer, set out his manifesto for improving Britain's jails 200 years ago, he concentrated on the need for honest, active and humane governors.

There were governors in the 18th century who could teach their inmates a few tricks. Howard recognised that many a jailer was "tempted by his passions or interest to fail in his duty" and, arguing for properly salaried prison governors, declared: "No office, if faithfully and humanely administered, better deserves an adequate encouragement."

The salaried career service of governors which exists today has been put to the test during the past fortnight as the most extensive disturbances in recent years have spread through Britain's prisons in the wake of the riot at Strangeways, Manchester.

In all these cases governors had to make instant, on-the-spot decisions on how to respond.

"The job is a combination of manager, leader and commander of incidents," says Mr Andrew Barclay, governor of Norwich Prison and a member of the Prison Governors' Association national executive. "I think most governors would agree that, after managing a prison for a while, management in a conventional organisation would seem a little dull."

Mr Barclay entered the prison service 20 years ago to train as a governor after leaving university.

Until recently, there was a direct entry scheme for trainee governors. They came in either like Mr Barclay, straight from university, or in later life, having decided to make career changes from probation work, teaching and other "people" occupations. In addition, some prison officers were promoted to governor rank.

Under recent changes all recruits to the service start as prison officers, but there is a fast-track promotion scheme for potential governors.

There are several ranks of governor in the management team of a prison depending on its size. Mr Barclay, as the full governor of a medium-sized prison, is responsible for an £8.5m a year budget, 500 full and part-time staff and 850 prisoners.

The management part of the job involves running a small community," he says. "A prison governor has overall responsibility for managing a considerable range of specialist functions - building maintenance, catering, industrial relations, the prison hospital.

The leadership role means motivating staff and inmates to create the most positive possible atmosphere within the prison. And the command bit comes when you are sitting in your office and get a call that a group of prisoners are staging a sit-down protest, or that a hostage has been taken. Things can then move pretty quickly and decision-making is down to you."

Not only would John Howard's 18th-century governors fail to recogni-

**Alan Pike on the lessons Britain's prison governors see in the past fortnight's riots**

# Nightmare viewed in day's cold light



nise the complexities of running a modern prison, but Mr Barclay says the job has changed vastly in the 20 years he has been in the service.

This is partly because of higher demands for financial and managerial efficiency. But the operational side has changed as well.

"Incidents like hostage taking were much rarer in society 20 years ago, and were almost unknown in prisons," Mr Barclay says. "Problems which occur in prisons are simply a reflection of what goes on in the outside world. People often fail to realise this."

The present wave of problems began at Strangeways Prison, Man-

nchester on Sunday, April 1 when rioting broke out among several hundred prisoners during a morning service in the prison chapel.

The disturbances have come when prison governors are anxious about Home Office plans to reorganise the management structure of the service from September. They fear that a proposed new centralised structure could put civil servants from outside the Prison Service, without experience of running prisons, into operational roles - making it more difficult to control problems like riots in future.

When Britain had a centralised prison management structure in the

1960s, say governors, it led to some spectacular failures like the escape of the spy George Blake. Since then a regional structure has evolved which, they believe, has proved capable of keeping prisons more secure, managing crises and supporting individual governors.

The Prison Governors' Association has told Mr David Waddington, the Home Secretary, that it is appalled at the prospect of people without experience of managing prisons being introduced into front-line, operational duties.

"Prison Service operations is not like hospital management or private sector management," says an association memorandum. "It is more akin to command in the police or in the armed services. Is the Government's next step to place a private sector manager to take charge of the police service?"

While the Government is not planning to put private sector managers in charge of the police, it is trying to measure and improve both police and prison efficiency according to similar criteria to those operating in the private sector.

Chief constables cannot yet get Home Office approval to recruit extra officers without demonstrating that they will produce a measurable improvement in efficiency. Prison governors have to define corporate objectives and monitor inputs in terms of staff resources and outputs in terms of prisoners' daily activities.

The disturbances have come when the police and prison services have a different effect on public emotions compared to most businesses.

Some Conservative MPs suspect that whatever extra resources are committed to these services, every

crime wave and prison riot will be met with demands for still more staff - to a chorus of considerable support from a public which, in the main, would not want the task of apprehending and imprisoning the criminal classes itself.

The lives of the men and women who work in the prison-service are being placed at risk every day," said Mr John Bartell, chairman of the Prison Officers' Association, this week after a meeting at which Mr Waddington announced the recruitment of another 200 prison officers (the association said it should have been 300). "If the prison service loses the confidence of the general public

### The question is not whether conditions have improved in the past 200 years, but whether they have improved enough

we have a serious problem."

Since prison officers regard public opinion as a weapon in their negotiations for more staff, it is hardly surprising that they try to use it. But both the governors and officers genuinely believe that - alongside overcrowding - staffing has been one of the factors behind the disturbances of the past fortnight.

It is an issue likely to feature prominently in evidence to the Government-appointed inquiry which is to be conducted into the Strangeways siege and other disturbances by Lord Justice Woolf.

The Home Office says there has

been a 46 per cent increase in prison officers since 1979, compared with a rise of only 11 per cent in the prison population. During the past three years the number of officers has risen by 3,000.

However, the POA says that in the old local prisons, which suffer many of the worst overcrowding problems, there are 4,000 fewer officers on the ground than three years ago.

It is one of those famous public sector arguments over resources in which both sides can be correct. The number of officers has increased, but their working hours have gone down.

In 1987 the Home Office introduced Fresh Start, a scheme which eliminated prison officers' overtime and reduced working hours. Fresh Start staffing levels were set for each prison, but staff in many establishments have never accepted that these were adequate.

Mr Barclay says Fresh Start has reduced the working hours of his staff at Norwich from 60 hours a week to 43. He concluded that this is right in principle, because staff working fewer hours are more energetic and better motivated.

"But the success of Fresh Start depends on having adequate staffing levels. If prisons are low on staff they have to curtail the activities they can offer inmates."

"The essence of good prison management is to keep prisoners occupied and interested in their lives - the reason so much trouble in prisons break out at weekends is that there are reduced activities and prisoners get bored."

Even the worst of Britain's overcrowded jails does not resemble Borstal, Chipping Campden in Southwark, London, described by John Howard 200 years ago. The prison was torn down by rioters in 1780, and its enterprising proprietor reopened in a nearby house. Up to 23 male prisoners, mainly debtors, were kept in a single 16ft x 16ft room on rations of a penny loaf per day.

"It is a shocking thing to destroy in prison the morals, the health and (as is often done) the lives of those whom the law consigns only to hard labour and correction," wrote Howard.

The question is not whether conditions have improved, which they obviously have, but whether - in proportion to all the other social and economic developments of the past 200 years - they have improved enough.

Howard was disturbed by the scourge of smallpox in jails. Today there is deep fear among prisoners of AIDS and HIV infection because of the relatively high proportion of drug users in crowded prisons.

Howard campaigned for adequate sanitation and stressed the crucial importance of cleanliness in jails. Today there are still prisons where two or three men spend up to 23 hours a day locked in cells designed by the Victorians for one, with nothing but a chamber pot for sanitation.

During his researches Howard asked two prisoner governors, "whom I found candid and intelligent," what they believed was the most important step towards bringing about a thorough reform of Britain's jails. Both replied that governors should lose their rights to sell beer and wine in prison - the way in which many 18th-century jailers raised income.

After a fortnight of the most concentrated troubles in Britain's prisons in modern times, how does Mr Barclay answer the same question almost exactly 200 years later?

"First we need to end the problems of overcrowding and lack of decent, dignified conditions in our old prisons. And then we have to concentrate on what we call dynamic security - ensuring that prisoners are kept occupied in a positive, worthwhile way. If you get that right, you get the problems of keeping control right."

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## MAN IN THE NEWS

David Jones

# Living in shadows of bright things in the past

By Clay Harris



Bentleigh all reported lower profits or deeper losses for their most recent financial years. But as one of the highest flyers of the bull market - its value approached £1.34bn in January 1988 against only £265m now - Next has attracted more than its fair share of schadenfreude.

Richard Hyman, of Verdict Research, says: "Next embodies what went wrong with British retailing in the mid-1980s. It failed when it came to the management of growth." Nick Bubb of Morgan Stanley agrees. "The space bandits, of which Next was a prime example, got their comeuppance."

Most retail analysts rate the shares as a "sell". The few who have shifted to "hold" provide scant consolation for Jones, because they believe Next's days as an independent company - at least in its present form - may be numbered.

Next still bears the scars of disagreements between Davies

and Jones, a clash of approach more than one of personality. Many had been surprised that Jones - who turned Gratian into one of Britain's strongest mail-order operations - ever agreed in the first place to play second fiddle to Davies.

"Although the Next-Gratian merger was logically a deal made in heaven, practically it never came off," says Nick Bubb of Morgan Stanley. "Everyone underestimated the cultural tension between the mail order barons in Bradford and the style gurus in Leicestershire. George really never understood systems and David really never understood flair."

Hyman cites the same factors. "You've got to get them in balance. If you have one without the other, it's a waste of time. But if one has to be the precedence, it's got to be the systems." Next, he believes, now lacks the flair. "The secret of good retailing is communicating what you are to shoppers. The great thing about

Marks and Spencer, Argos and Esders is that they have a formula established. The only changes they make are changes of fine tuning."

Jones himself is keen to play down his differences with Davies and to give his predecessor credit - up to a point. "I think there is a Next culture, which George Davies was instrumental in creating. But (within the company) Next was never 'George Davies's Next', because when he left, the spirit did not change. I have never come across people who put themselves out more for the good of the company."

"What has happened is been distressing for the people who work in the business," Jones says. "The overwhelming spirit has been 'we'll show them.' Sometimes it takes a 'crisis' to get a company moving forward."

"George is probably happier doing what he's doing now [designing a fashion range for Asda]. That's obviously his

first love. My first love is running a large organisation and motivating people to perform well in each part of it."

"You have to be an autocrat in certain situations - sacking people who have been friends, selling businesses for which you have affection." One such decision was the move last autumn to rid Next of an "enormous amount of unprofitable space" and reduce the workforce by 4,000 to 10,000.

Colleagues disagree, arguing that Next should wait a year to see if the retail market improves. Jones recalls: "I had to say: 'I'm sorry, we cannot afford to do that, we have to stop it.' But I think the best decisions - and most decisions - involve other people coming up with the right solution."

Jones is undoubtedly more dogged and methodical than his predecessor. When the idea of Next Directory shows - which stock only one item of each product, reappeared overnight if the product is sold or additional orders are taken - was mooted, Davies warned 50 outlets right away. Jones started with five, and slowly expanded once the concept proved successful.

He believes two years of bad times can be good discipline for a business, but every unit of the operation has to be put on trial. "Does it make a profit? If it doesn't, how do you make it? If it can't, you've got to get shot of it."

As many specialist retailers do, Davies failed at Next to achieve the transition from medium-sized company to big company - or perhaps was removed before the case was conclusively proven. Jones faces an entirely different situation, presiding over contraction, hoping for survival.

If he succeeds, and George

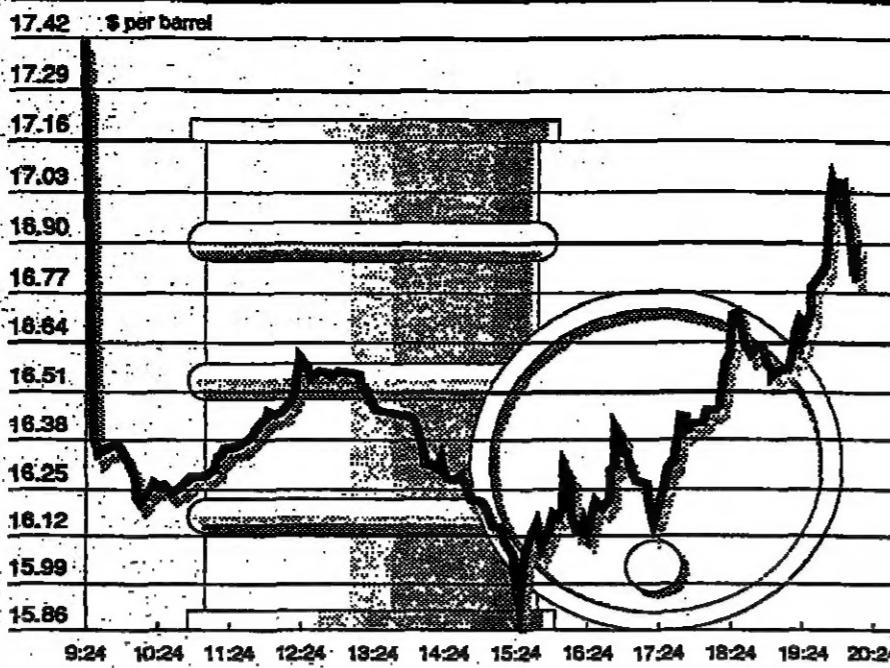
Davies disappears from stories about Next, his own name is unlikely ever to achieve the same fame. But quoting an aphorism he insists was a favourite long before he met Davies, Jones observes: "When ego and image come into a business, profit goes straight out through the door."

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# Never say never again

Steven Butler reports on the plunge in world oil prices

Brent oil price: 11th April 1990



Source: Petroleum Argus

Oil markets finally came unglued this week. Oil prices had been so strong, for so long, against all expectations, that traders and analysts convinced themselves it could never happen again — that oil prices would never again suddenly collapse as though the market had no bottom.

Many people had said prices would weaken. That is normal for this time of year. And the Organisation of Petroleum Exporting Countries was surely producing much more than consumers wanted to buy. Yet on the theory that demand for oil was strong, and that temporary oversupply would quickly disappear when the summer driving season got underway, cheap oil merely looked like a bargain that was worth buying in for storage.

Yet suddenly this week the tanks were full. Tankers steaming from the Middle East to unload in Europe and the US would have to take their place behind other ships already waiting in a queue to find an empty berth.

"You could actually go out and see the ships waiting off the US Gulf Coast," said one trader. "There is just far too much crude around."

Prices started to weaken late last week. But it was Tuesday night's report that US crude stocks had risen by 5.1m barrels that unnerved traders, who proceeded to sell oil futures down by \$1.43 a barrel on the New York Mercantile Exchange in the early hours of trading on Wednesday. The Nymex, where futures are traded for West Texas Intermediate crude, is the biggest energy futures market and sets trends which are followed round the globe. Alarm bells were set ringing.

Ministers from the Opec countries lost little time hinting that they were upset by the latest plunge and might be moved to do something about it. Just that hint was enough to cause the market to lurch forward again and futures ended the day with modest gains.

Mr Sadek Boussenna, the Algerian oil minister who is Opec president, issued a statement on Thursday saying that Opec ministers had conferred, were pledged to defend Opec's \$18 reference price, and would take emergency measures if necessary. This caused prices to spurt again briefly as the Nymex opened, before the really fizzled out.

"It was a classic scenario," said one veteran of the trading screens. "Markets get spooked and prices fall. Opec threatens action and prices rally. But it's still looking pretty horrible."

It is horrible because the ships are all still out there, the tanks are still full, and as far as anyone can determine Opec is still pumping out 24m barrels a day of oil. This is 2m b/d above Opec's self-imposed ceiling, and about 2m b/d over what most analysts believe the world is really prepared to buy at a reasonable price. Prices are six dollars a barrel below January peaks.

In retrospect, 1989 was a charmed year for Opec. It started with a dry winter that shut down hydro-electric generators in Europe, while nuclear plant problems in

France and Japan boosted demand for fuel oil. North Sea production was on the skids all year after a series of explosions, accidents and maintenance problems that took more than a quarter of UK production out.

The Exxon Valdez disaster temporarily shut off Alaskan supply just a year ago and sent prices soaring. All year long Soviet exports were gradually winding down. And just when it looked like Opec had bet the farm by setting an unrealistic production ceiling last November at 22.1m b/d, the coldest December on record hit North America and emptied storage tanks.

"They crossed their fingers and hoped it would be a cold winter, the Russians would dry up, Brent would blow up, and they'd be home and dry," says a trader.

But it did not turn out like that. January and February were warm. North Sea production is gradually creeping up again. And while Soviet exports are weakening, it is nothing like the 1m b/d fall that Opec ministers were bandying about last November in an effort to justify their new production accord.

Sheikh Ali may decide that with prices having sunk well below the Opec "minimum" reference he may be in a position to give in to Saudi and Iraqi pressure, and send the price of oil up again. This year it has ignored its quota, and produced about 2.4m b/d extra, while arguing that prices must not be allowed to stay above \$18, as they were for most of the year.

But the real problem is that Opec itself is producing far too much and shows no signs of cutting back. The markets now find themselves in a situation they had not known for nearly two years, of having no idea what the price of oil ought to be. The interesting question is the answer to which will determine where prices go from today — is who in Opec really wants to see prices go up again. The majority of members, for sure. But the United Arab Emirates, at 2m b/d, has been producing roughly double its Opec production quota and no one expects it to cut back. Saudi Arabia is thought to be about 400,000 b/d

above its quota and is unlikely to want to restrain production unless it is confident that others will do so. It has repeatedly pledged to maintain its 24.5 per cent share of Opec output.

This leaves Kuwait as the wild card. It is easy to imagine Sheikh Ali Khalifa al-Sabah, the Kuwaiti oil minister, gleefully rubbing his hands at the thought of putting the scare once again into Western oil companies. Sheikh Ali, one of the few strategists among the Opec ministers, has argued consistently and forcibly that oil prices should not rise, even in nominal terms, for many years. Otherwise he believes demand will stagnate and non-Opec supply will grow.

Kuwait was vastly over its quota all last year when it was own demand for an extraordinary production quota increase was ignored by other Opec members. This year it has ignored its quota, and produced about 2.4m b/d extra, while arguing that prices must not be allowed to stay above \$18, as they were for most of the year.

Sheikh Ali may decide that with prices having sunk well below the Opec "minimum" reference he may be in a position to give in to Saudi and Iraqi pressure, and send the price of oil up again. This year it has ignored its quota, and produced about 2.4m b/d extra, while arguing that prices must not be allowed to stay above \$18, as they were for most of the year.

On the other hand, weak oil prices could also strengthen his hand as he heads into the scheduled May 23 conference of Opec ministers. Many Opec countries are in financial difficulty and most would support any measure aimed at ratcheting up the price of oil. Weak markets going into the Opec meeting could be just the sobering influence needed to derail attempts to raise the Opec reference price.

## LETTERS

### Labour and the TECs

From Mr Peter Ashby.

Sir, You report ("Labour would not impose training levy," April 7) that the Labour Party is now restricting its proposals for a training levy to "those companies not dedicating adequate investment to training".

This is a most significant and welcome step forward in Labour's training policies. However, Labour must now go further and consider how its system of financing training would fit in with the network of 80 Training and Enterprise Councils (TECs) that would be inherited by an incoming Labour Government.

You suggest that Labour might follow the French lead whereby employers would be expected to contribute a fixed percentage of their wage bills towards training costs. This could well be a mistake, since a national target of this kind would fail to reflect variations in local labour markets.

Instead a more effective approach would be for a Labour Government to ask each TEC to recommend a certain percentage of wage costs that should be invested in training by employers in their area. Different TECs would rec-

### The spirit of Liverpool

From Mr Tony Davis.

Sir, The Grand National is indeed a horror and an event which befriends the name of sport. However, why in the name of all that is holy must we once again have Liverpool dragged through the mire, attached to something with which the average Liverpudlian has no connection?

Tony Davis,  
Festival Director,  
Merseyside International  
Festival of Sea Music,  
24 Beresford Road,  
Wallasey, Merseyside

From Mr J.R.A. Nottingham.

Sir, Born and bred on Mer-

### Flaw for small investors

From Mr Antrim F. Evans.

Sir, There is one serious flaw in the present arrangements under the Financial Services Act 1986 so far as the average small investor is concerned.

Members of self regulatory organisations (SROs) are required to have client agreements. These agreements are detailed legal documents which in many cases give considerable powers to the member. The agreements have been carefully drawn with the help of legal advice to provide for every contingency and are likely to be drawn in such a way as best suits the member.

Even with explanations which may not always be given, it is beyond the experience and knowledge of most small investors to understand the effect of the customer

### Avoiding index confusion

From Mr Gordon M. Bagot.

Sir, Barry Riley's article ("A yardstick index which is proving a City puzzle," April 7) on the FT Actuaries All Share Index return is quite misleading and causes further confusion in an area where there should be none.

It is true that WM uses ex-dividend adjustments to calculate total return on this index and have done so since 1986

when the xd numbers were first available on a calendar year basis. But we have not agreed with Combined Actuarial Performance Service (CAPS) to introduce a six-week delay in return calculations, which we believe is also incorrect and will further confuse.

A simple example shows why: suppose the index has a

# 'Helmut, we can't afford higher interest rates. . .'

President Bush is worried about rising German interest rates. Reproduced below is a letter he might conceivably send Chancellor Helmut Kohl on the subject. The text comes, with apologies to the White House, from David Hale, chief economist with Kemper Financial Services in Chicago.

Dear Helmut,

THESE ARE certainly exciting times for Germany and yourself. Four months ago, the Berlin Wall fell. Last month, the people of East Germany elected a government led by parties with a close affiliation to us. By this time next year, East and West Germany should be unified.

I am writing to you about the urgent need for international fair play in the development of monetary and fiscal policy for Germany. Since the Berlin Wall fell, there has been nearly a 200 basis point rise in German interest rates because of investor expectations that you will spend hundreds of billions of Marks during the next few years rebuilding the economy of East Germany.

I can't confirm these numbers because

Graham Rudman has compelled us to leave the post of Treasury attaché in Bonn vacant for several months while most of our Treasury's international staff is busy working on a programme to reduce Japan's high savings rate. But Alan Greenspan recently told Congress that it may be difficult to reduce America's interest rates during the next few years because of the capital needs of East Germany and central Europe. Since we have been asking Alan to reduce US interest rates, his suggestions came as a shock and we would like to have your help to ensure that his fears

do not come true.

Helmut, you must understand that America cannot afford higher interest rates today. The people who ran Wall Street during the 1980s overleveraged many of our corporations. Five years ago, David Stockman tried to reduce the budget deficit by curtailing expenditures on bank examinations. As a result, we now face work out problems in our banking system as severe as those confronting the Bundesbank in developing a non-inflationary program for converting East German Marks into D-marks.

In Texas, Massachusetts, and other states where the banks engaged in reckless lending, we are being forced to take over the banks and convert deposits into cash at 100 cents on the dollar despite the fact that the bank assets are worth only 30 cents or 40 cents on the dollar. You will ultimately be able to pay for the East German Mark conversion by selling East German government assets, but the US Treasury has to finance our conversion of worthless Texas savings certificates into real dollars. At current interest rates, this may cost \$160bn-\$200bn. If German demand pushes US interest rates sharply

higher, the conversion could cost \$300bn-\$400bn. I think you will agree with me that it would not be desirable for the introduction of capitalism in East Germany to be accompanied by the *de facto* communisation of the US banking system.

High interest rates in Germany would pose problems for other European countries, including the UK. I realise Margaret Thatcher has not been nice to Germany, and her political future seems uncertain. But although she insists on serving brocolli at lunch, we would hate to see her go. Labour leader Neil Kinnock is not a friend.

As a result of the damage which higher German rates could do to America and your other allies, I hope you will proceed cautiously and prudently in developing expenditure programmes for East Germany; reject suggestions that it must spend hundreds of billions of dollars on better highways, bridges, and railways to be a competitive member of the EC. I can assure that America's spending on infrastructure maintenance and repair has fallen by 50 per cent in real terms since the 1960s without eliciting any serious complaints from the people.

Some people are now complaining about the after-effects of Jim's financial diplomacy. The new Japanese Central Bank Governor blames the spiralling price of Japanese real estate since 1988 on all the new yen which the Bank of Japan printed to support the dollar. Many Americans resent the fact that the Japanese have been borrowing against their inflated asset values to purchase US companies and prestigious buildings, such as Rockefeller Center. But speaking as both a Texan and a New Englander, I don't think real estate inflation ever hurt anybody.

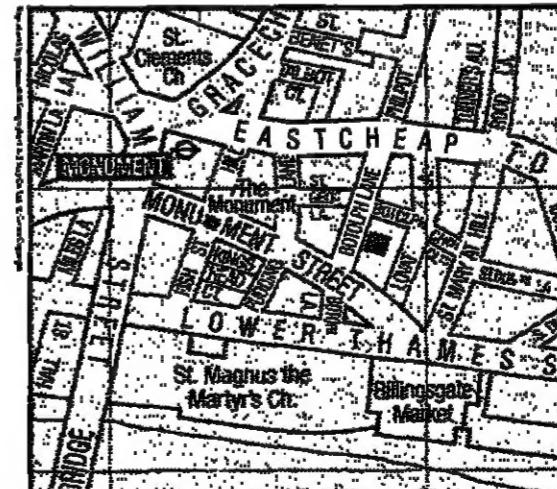
The Japanese are also not bad landlords. In fact, if the Japanese had not bought Rockefeller Center, Donald Trump would have, and produced even more public outcry by changing the name to you guess what. So, no-one can say that America's budget deficit is a problem for other countries. But you will not be able to say the same thing about a large German budget deficit. A big rise in German public borrowing would create serious financial strains here and in Europe. And you can't get the Japanese to finance your budget deficits because we won't let them.

Helmut, your fiscal policy choices are very clear cut. In the forthcoming negotiations over unification, you must not promise too much. If you do let expectations get out of control, German interest rates will rise sharply and provide Alan Greenspan with an excuse to hold up US interest rates. In such circumstances, I would have no choice but to announce the launching of a bilateral structural deficit reduction initiative programme for Germany in order to protect the world economy from rising interest rates.

We would immediately dispatch David Mulford to Bonn in order to review the details of your budget and to make suggestions for controlling expenditures. At the summit conference of the G-7 heads of government in Houston, I also would rise to announce that high interest rates are a threat to the world economy, that it is unfair for a country which lacks a special window into Japan's central bank to run large budget deficits, and that it is time for a large tax increase — in the Federal Republic of Germany.

Yours sincerely,  
*George*

## HOW FAR EAST DO YOU NEED TO GO TO UNDERSTAND EAST EUROPEAN MARKETS?



The gradual raising of the Iron curtain isn't just good news for politicians.

It's great news for business, too.

The 1990s should mean a new horizon of opportunity for trade with East Europe. But only if you know the market well enough to avoid the pitfalls.

That's where RZB, one of Austria's largest banks, comes in.

Austria's central location has made it a natural corridor for East-West trade for many years.

And RZB's willingness to find flexible solutions to trading problems have gained us a reputation for business without barriers.

We're known both West and East for our services supporting exporters to Eastern Bloc countries. These include corporate trade products such as afait and counter trade transactions, as well as joint venture financing.

Best of all, our new offices in London put all that expertise right on your doorstep.

Quite simply, if you can get to Central London, you can get to Eastern Europe.

**RZB**  
AUSTRIA  
THE BANK AT EUROPE'S  
CROSS ROADS.

RZB-AUSTRIA (formerly G2B Vienna). London Branch 36-38 Botolph Lane, London, EC3R 8OE. Telephone: 01 929 2288.  
RAIFFEISEN ZENTRALBANK ÖSTERREICH AKTIENGESELLSCHAFT.  
Head Office: A-1030 Vienna, Am Stadtpark 9. Postal address: A-1011 Vienna, P.O. Box 51.

## US court decision and share price rise heighten victory hopes BTR close to Norton with 63%

By Karen Zagor and David Owen

BTR yesterday extended until April 27 its \$1.64bn (£998m) offer for Massachusetts-based Norton Company after 62.7 per cent of its outstanding shares, just short of the two-thirds required, were tendered to the UK industrial conglomerate.

The move follows a favourable decision for BTR by a US district court on Wednesday, which ordered Norton to hold its annual meeting on April 26 rather than postpone it by two months as the company wished. The legal briefs for Norton's appeal will be exchanged on Tuesday.

Shares in the abrasives, advanced ceramics and performance plastics manufacturer closed up \$1 1/4 at \$77 1/4 on Thursday on the New York Stock Exchange amid speculation that BTR might sweeten

its 75-a-share cash offer over the holiday weekend. The stock had climbed 22% the previous day, with the bulk of the share price increase occurring after BTR's court victory.

According to Mr Eli Lustgarten, vice president at Paine Webber in New York, the "price of peace" between Norton and BTR is considered to be between \$78 and \$80.

Mr John Cahill, BTR chief executive, continued to insist on Thursday that "there is no reason at all to increase the offer". The group has never denied, however, that access to non-public information might bring to light additional values in Norton.

In a letter to Mr John Nelson, Norton's chairman, Mr Cahill stressed that BTR should be given access to cer-

tain confidential information which the Norton board has authorised to be shown to interested parties.

Norton has agreed to show the documents only to parties who will abide by confidentiality and standstill agreements. This would essentially prohibit them from launching an unsolicited bid after reading the material. Norton also has a poison pill in place which would make a hostile takeover prohibitive and expensive.

BTR, which holds a 1.7 per cent stake in Norton separately from the tendered shares, intends to fight a proxy battle at Norton's board meeting to seek majority representation. Norton claims that shareholders will be forced to make a premature and irrevocable decision about the company's

future if its efforts to delay its annual meeting are overruled.

Board control is particularly important in Massachusetts where state law allows directors to reject an offer if there is concern that it might harm local communities.

The Massachusetts legislature is considering a bill which would limit the proportion of a company's board that could be elected in any one year to one-third.

The Massachusetts legislature said that the proposed bill could be passed in a matter of days, ahead of an April 26 Norton board meeting. If the leaders of the state's senate and house of representatives deemed it to be in the best interests of the local workforce and community.

## Goodman expansion blocked

By Kieran Cooke in Dublin

MR LARRY GOODMAN, one of the main figures in discussions concerning the future of Berrisford International, the sugar and commodities group, has once again become embroiled in arguments with the Irish Government over the activities of his extensive beef interests.

Mr Goodman's privately held Anglo Irish Beef Processors, based in Ireland, controls the biggest beef processing and exporting business in Europe.

Mr Desmond O'Malley, the Irish Minister for Industry and Commerce, has placed orders which effectively put a halt to further expansion of certain of Mr Goodman's beef companies within the Irish Republic.

The orders follow an investigation by the Irish Fair Trade Commission into the ownership of a company called Master Meat Packers and fears that had been raised of a potential monopoly in Irish beef slaughtering being exercised by companies controlled by Mr Goodman.

Mr O'Malley said that Mr Goodman was in effective control of Master Meat Packers and said there should be "no anti-competitive agreements" between the company and Mr Goodman's AIBP group.

Mr Goodman has denied he is in control of Master Meats and has accused Mr O'Malley of repeatedly misrepresenting the facts.

Last year Mr Goodman started legal proceedings against Mr O'Malley following a decision by the Irish government to cancel various export insurance policies on Irish beef exports to Iraq.

## Asda makes further lay-offs

By Nikki Tait

STAFF AT Allied Maples, part of the Asda supermarket group, have joined the list of casualties arising from the tough retail climate.

Asda said that its subsidiary had told unions on Thursday that it was cutting 76 jobs, spread across its store network.

The redundancies follow the loss of 47 head office jobs about a week ago. However, Asda said that those had resulted

from the merger of the Allied Carpets and Maples operations, rather than from the trading environment. Asda bought 48 stores from Gillow, Maples' owner, a year ago.

When Asda announced interim pre-tax profits in December they showed a 24 per cent downturn to £33.5m. Allied Maples, the carpet and furniture retailing business, was operating profits drop from £8.3m to £3.8m.

Allied employs around 3,500 people. The redundancies follow news of much sharper cutbacks by Boots the Chemist, which announced about a week ago that it was shedding 500 jobs in its 219 largest stores — although Boots said those were not a direct response to trading conditions. Next, the fashion retailer, has also cut clerical jobs at its Leicester headquarters.

## French move at Swan National

By George Graham in Paris

SWAN NATIONAL, the car hire subsidiary of the TSB financial services group, has acquired the business and goodwill of Matel, a medium-sized French car hire company, from Bollore Technologies, the diversified French industrial and transport group, for an undisclosed sum.

Matel, which claims to have invented the idea of short-term car hire 60 years ago, now has turnover of about FFr100m (£10.8m) and 10 agencies, mostly concentrated in the

south of France and in the Paris region.

Bollore took control of Matel, which had seen its profits stung in the face of fierce price-cutting and mounting competition from the big international hire networks like Avis and Hertz, in January 1989, at a price that valued the company at FFr105m.

Our competitors, Avis and Hertz, took 25 years to build up. We only started this 14 months ago," said Mr Frederick Aldous, Swan National's chairman.

## Former chairman resigns from Astra

Mr Gerald James, the former chairman of Astra Holdings, has resigned as a director of the troubled munitions and fireworks manufacturer.

This follows a similar move by Mr John Anderson, another director, earlier this week.

Both men had been in dispute with Astra — now under new management — over compensation payments. Mr Anderson's departure followed agreement with the company for only a modest settlement.

## LUI terminates US management agreement

LONDON United Investments, the troubled insurance group, announced late on Thursday that it had terminated a management agreement with US-based Anglo American Insurance.

involved Anglo advising on day-to-day operations of the agency business — was set up on March 27. This was shortly after the Department of Trade and Industry instructed Walbrook, LUI's main insurance subsidiary, to stop writing new business. The main purpose of the agreement was seen as a step towards securing the future of Weavers, 35 per cent of whose business was underwritten by Walbrook and 45 per cent by Anglo.

The agreement — which

involved Anglo advising on day-to-day operations of the agency business — was set up on March 27. This was shortly after the Department of Trade and Industry instructed Walbrook, LUI's main insurance subsidiary, to stop writing new business. The main purpose of the agreement was seen as a step towards securing the future of Weavers, 35 per cent of whose business was underwritten by Walbrook and 45 per cent by Anglo.

Black's clawed back from impending receivership in October 1986 by a consortium headed by Mr Bernard Garbacz, Miss Sam, audited by Landau Morley, the firm of accountants where Mr Garbacz was a partner, was acquired for £45m in July 1987.

The warning arrived after the market had closed for the

Easter break and no one at the company was available for comment.

Its PR advisers confirmed that the Miss Sam "irregularities" had arisen in internal management accounts. They were unable to quantify the scale of damage or to say whether Black's accounts might be qualified.

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With Sir James in Spain, Hoylake said there were no plans for a "summit" over the Easter break. Mr Michael Sorokin, head of corporate finance at Hamros Bank, the consortium's UK adviser, has also headed for a nearby holiday home, but that, say colleagues, is "pure coincidence".

However, Hoylake — having lapsed its initial offer — cannot currently rebid for BAT until this arrangement has won approval from nine state insurance departments. California, the first to rule, denied applications from both Hoylake and Axa on Monday.

Axa's initial reaction was to play down suggestions that this would be challenged via the US courts, although yesterday it was making no firm commitments. The alternative course of action would be to resubmit proposals to the Californian authorities. Axa believes it has 30 days in which to react, and said it would utilize most of this.

The French group has already stated that it thinks

the objections, centring on leverage involved in the \$4.5bn Farmers purchase, can be overcome — and, as the long Easter weekend began, all parties involved in the battle seemed set for lengthy deliberations.

"We're thinking very hard," commented one member of the Hoylake camp in London — a sentiment which could also be applied to BAT's advisers, trying to second-guess their opponents' next move.

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Meanwhile, although the spotlight has fallen on California this week, the usual phalanx of lawyers and principals have also been going through their paces in a similar two-week Texas hearing.

Mention of the Californian decision surfaced only briefly in the hearing room. However, the appearance of Madame Gilberte Beaux, a long-time business associate of Sir James and a Hoylake director, did prompt

## Erskine shares fall on profit warning

By Andrew Hill

SHARES IN Erskine House Group fell nearly 30 per cent on Thursday when the distributor of facsimile and photocopier machines unexpectedly warned that profits for 1989-90 would not match the previous year's figure.

Mr Brian McGillivray, Erskine's chairman, said there had been a "respectable increase" in operating profits in the year to the end of March, but a much higher interest charge had hit the pre-tax figure. The shares slipped from 168p to 122p.

The Massachusetts legislature is considering a bill which would limit the proportion of a company's board that could be elected in any one year to one-third.

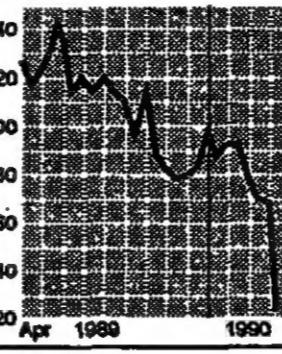
Erskine has expanded rapidly in the last few years through acquisitions, many funded with issues of shares.

As recently as December analysts were forecasting pre-tax profits of £20m or £21m for the full year, compared with £15.1m in 1988-89, but they had also expressed concern about the group's high level of gearing. That now stands at 80 per cent, following a £25m issue of preferred stock last week.

Mr McGillivray had a number of factors behind the hit to the group's trading in the last quarter, normally the strongest part of the financial year.

### Erskine House

Share price (pence)



## Yardley sale heralds SB's attack on post-merger debt

By Charles Leadbeater, Industrial Editor

SMITHKLINE BEECHAM, the UK-based pharmaceuticals and consumer products company, is confident that by the end of the year it will have significantly reduced its debt, partly through further disposals of peripheral activities such as the Yardley-Lentheric cosmetics business which was sold on Thursday for £110m.

SB said the sale should be seen as a clear signal of the determination with which the company is attacking the debt it incurred through last July's merger of SmithKline Beckman of the US and the UK's Beecham, to form the world's second largest drugs group.

The drive launched by Mr Robert Baumann, the company's chief executive, to reduce debt and strengthen the company's equity base is intended as a sharp riposte to scepticism among some City analysts about the merged group's prospects.

The company is confident that within the next few months it will sell most of its consumer companies as part of a series of disposals to counter City scepticism about the merged group's prospects.

Since the merger SB has made six disposals worth £491m, including its Sovril, Ambroxin and Marmite brands, Unil, its adhesive's business, the US household products, over-the-counter medicines and toiletries activities.

On Thursday the group's annual report, which showed that Mr Baumann's annual salary rose from £264,000 to £365,000, disclosed plans to issue between £500m and £600m of special preference shares. The so-called auction rate preference shares to be privately placed by the end of April are intended to refinance £618m of outstanding loan stock issued to finance the merger.

The Yardley-Lentheric business, which is mainly based on the UK, was sold to its senior managers and Wasserstein & Perella Management Partners, the US investment bank, via the Old Bond Street Corporation.

Runciman steps up bid defence

By Clare Pearson

WALTER RUNCIMAN, the shipping, security equipment and insurance group, has hardened its defences against the £47.5m hostile bid from Avena, the diversified Swedish group, with a profits forecast significantly ahead of City expectations.

Reorganisation and rationalisation of the UK branches had caused further disruption.

A switch from distribution of Konica to Ricoh machines meant the sales force was defending the existing client base against Konica's new distributors, instead of searching for new customers.

Mr McGillivray, who has overseen a steady rise in profits since joining the group in 1983, said he believed any improvement in profits in 1990-91 would have to come from cost savings. The group has already wound up its typewriter and word processor maintenance businesses and cut staff in its east European operations, which underperformed in 1988-89.

Mr McGillivray added that the 1989-90 figures, which will be published in the middle of June, would take full account of the cost of write-offs and redundancies. But he added: "I don't think the market downturn is a long-term feature — we can adapt to it."

Erskine also announced on Thursday that it had bought BW Schaefer Kopier & Burstsyste, a Hanover-based photocopyer dealer. Mr McGillivray said the group would cut down on acquisitions, except for such small add-on purchases. Initial consideration is DM42m (£21.45m) cash with further deferred payments up to DM2.5m depending on profits.

The division includes two companies: Wask-RMF, an iron and steel pipe fitting manufacturer located in Keighley and Skelmanthorpe, and Tipper Fittings, a Wolverhampton-based pipeline products distributor.

Mr David Stewart, Runciman's managing director, said the acquisition expanded the company's product range, particularly in the important sector of patented fittings for join-

ing polyethylene and metal pipes.

In the year to end-April 1989, the division made operating profits of £1.6m on sales of £11.2m. Net assets were £5.3m.

Victaulic will satisfy the purchase price with cash and a £7.4m vendor placing of £9.7m shares at 375p.

## Maxiprint losses treble to £0.39m

CONTINUED difficulties at Maxiprint, the USM quoted maker of photographic equipment, resulted in an increased loss in the six months to November 30. In a late announcement on Thursday the company revealed a loss of £87,000 compared with a deficit of £27,000 in the same period previously and a loss of £29,000 for the year to May 31 last.

Maxiprint has successfully launched Ultima, its new darkroom processor, and although it went into production last month, it will not make a significant contribution to the year's results.

Turnover in the period under review rose to £74,000 (£60,000) and the gross profit was £23,000 (£22,000) but net operating expenses were up sharply from £75,000 to £85,000.

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The new area of debate in Texas is the thorny "control" question. Farmers' lawyers have claimed that General, the Italian insurer, and Banque Paribas de France are "controllers" of Axa — as defined by US regulations — because of their share stakes in other companies within the Axa group. If the argument is accepted, a heap of new filings from these companies might be necessary.

Axa dismisses this, saying in effect, that neither General nor Paribas has any practical influence on the way the company is run. Nevertheless, this simmering issue is now being argued out in Texas, with various French lawyers standing by to testify next week. The Texas authorities will rule on the matter when they deliver their main decision.

To an objective eye, this may seem a tangential matter. But the fact remains that the more potential obstacles thrown up, the greater the pressure Farmers' faces to put on its opponents. And, as one lawyer pointed out last

## ECONOMIC DIARY

**TODAY:** National Union of Teachers' annual conference in Bournemouth (until April 18).  
**TOMORROW:** National Savings results (March).  
**MONDAY:** Scottish TUC meets in Glasgow (until April 20). Teaching union NASUWT holds annual conference in Scarborough (until April 20).  
**TUESDAY:** CBI/FTI survey of distributive trades (March). US: industrial production and capacity utilization (March); real earnings (March) and consumer price index (March). Some 20 states, including Soviet Union, invited by Mr George Bush; US President to a White House conference on global warming and other environmental issues (also April 18). Organisation of American States ministerial meeting on drugs in Tampa (until April 21). Moldavian Supreme Soviet meets.  
**WEDNESDAY:** Index of output of the production industries (February). Retail sales (March-provisional). Informal Gatt meeting in Puerto Vallarta to discuss access to markets, multi-lateral trade systems and trade-related investments (until April 20). Parliament returns from Easter recess.  
**THURSDAY:** Public sector borrowing requirement (March). Institutional investment (fourth quarter). Finance Bill published. President Bush holds talks with Mr François Mitterrand, French President, at Key Largo, Florida. Solidarity trade union to elect new chairman at first national congress since 1981. Commons gives second reading to the British Nationality (Hong Kong) Bill. Bundesbank Council meeting.  
**FRIDAY:** European Environment Ministers hold informal meeting at Ashford Castle, Ireland. President Bush to deliver speech in Birmingham, Alabama. Mr Charles Haughey, Irish Prime Minister, visits London for talks with Mrs Margaret Thatcher Prime Minister; he also travels to Denmark in preparation for EC summit. Consumer congress in Liverpool (until April 22). Deadline for disarming of US-backed Contra rebels camped in Nicaragua and Honduras.

## LONDON TRADED OPTIONS

FUTURES and options markets survived a potentially disturbing session without much difficulty on Thursday, with trading volume sharply reduced ahead of the extended Easter weekend break.

The big trading houses remained on a mildly bearish tack but there was no pressure on the market even after news that the underlying inflation in the UK had exceeded market expectations for March.

The London market is extremely cautious of being caught unawares by developments over the weekend, in particular in the Japanese market which will trade while both London and New York are closed.

Deals in the FT-SE 100 Index option contracts on Thursday were 20,201 against 16,875 in the previous session, divided into 19,008 calls and 7,193 puts. Most of the day's business was described as technical, with traders concerned only to square up their trading positions ahead of Easter.

Deals in the FT-SE 100 Index options were 2,000 against 3,200, indicating the absence of a response to the important batch of economic data. Traders commented that, while yesterday's

expection figure was worse than expected, it served chiefly to concentrate attention on prospects for the April rate.

Among the most active stock options, Blue Circle topped the list with 2,790 lots and BP followed up with 2,272. Elsewhere, business was thin with only Glaxo finding favour. It recorded 1,244 contracts as interest was stirred by reports from a meeting between analysts and IAP Biochem, the Canadian company with which Glaxo is developing an anti-AIDS drug.

Welcome (975 contracts) was also affected by the Glaxo activity, in view of possible threats to Retrovir, its anti-AIDS drug.

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## INTERNATIONAL COMPANIES AND FINANCE

# Leigh admits bankruptcy due to large cost overruns

By Bernard Simon in Toronto

LARGE cost overruns on Canadian defence contracts have forced Leigh Instruments, the Ottawa-based electronics supplier jointly owned by GEC of Britain and West Germany's Siemens, into bankruptcy.

Leigh said late on Thursday that it was immediately closing an aerospace equipment plant near Ottawa as well as its components and systems divisions in Ottawa and Toronto. About 750 workers have been laid off.

However, a small Nova Scotia subsidiary which makes microwave landing systems is expected to remain in business.

The company said it owes creditors, all of them unsecured, about \$C100m (US\$86m). It expects to lose C\$73m in the year to March 31 1990 on revenues of only C\$63m. Peat Marwick Thorne of Toronto has been appointed as trustee to wind up the business and distribute the company's remain-

ing assets or proceeds from their sale among creditors.

A GEC official said yesterday that there had been "quite a bit of involvement" by GEC and Siemens in Leigh's affairs since the two European companies acquired Leigh last September as part of their purchase of Plessey, the British electronics group.

Plessey paid C\$100m for Leigh in 1988 following a protracted takeover battle with a Canadian bidder. Leigh was one of three significant North American acquisitions by the British company.

The GEC official said it was "far too early" to say what would happen to Leigh's remaining assets, notably its communications technology. The ownership of the technology, which relates mainly to advanced shipborne communications and air navigation programmes in recent years and the outlook for future business is uncertain since much of Leigh's expertise was

developed with the financial support of the Canadian Government.

The cost overruns relate to communications equipment being supplied by Leigh for new Canadian navy frigates and other vessels. Work on these contracts, most of which are nearing completion, has been suspended.

Leigh was founded in 1961 by Mr John Shepherd, a former director of a government-funded scientific research agency. Mr Shepherd stayed on as chairman after the Plessey takeover.

Besides its recent contract difficulties, the company's prospects were clouded by the wider problems of the defence industry in general. Fiscal austerity has led to numerous cuts in Canadian defence pro-

grammes in recent years and the outlook for future business has been further affected by events in eastern Europe.

## Core operations buoy Marriott

By Roderick Oram in New York

HILTON Hotels and Marriott, two leading US hotel groups, have reported higher first-quarter operating earnings from their core hotel business operations, although their overall results were affected by other factors.

Marriott's first-quarter net dropped 38 per cent to \$28m or 27 cents a share, from \$46m or 41 cents. The year-earlier period included \$13m or 12 cents from discontinued operations. Sales rose 3.5 per cent to \$1.68bn from \$1.63bn.

Excluding discontinued operations and one-time

charges, pre-tax profit from continuing operations increased 14 per cent during the quarter, the company said.

Profits from lodging operations increased 11 per cent in spite of the industry's general problem of over-capacity, it added. Its occupancy rates increased in all four of its hotel lines. Operating profits from contract services increased 19 per cent, excluding gains from last year's sale of its airline catering business.

Marriott said that it expected to complete the sale of its Roy Rogers fast food restaurants in this quarter.

Hilton doubled its first-quarter net to \$25.1m or 52 cents a share, from \$13.1m or 27 cents. Revenues advanced 18.4 per cent to \$266.5m from \$235.1m.

Hilton income rose 8 per cent and room tariffs rose 4 per cent, although occupancy rates fell 1 percentage point to 66 per cent. Most of the quarter's gain came from a doubling of Hilton's income from gambling.

The improvement was concentrated at the Las Vegas Hilton and the Flamingo Hilton-Las Vegas which reported record results for the quarter.

## Strong interest in Laurentian holding company

Deregulation of financial services in Quebec will allow the Laurentian Group, Canada's fourth largest integrated financial services concern, to set up a new holding company to invest in commercial and industrial businesses, writes Robert Gibbons.

Mr Claude Castonguay, chairman, said Laurentian had received several offers from other parties to invest in the new holding company.

La Victoire, Europe's third largest insurer and Laurentian's minority owner, may become a partner as may Compagnie des Sables du Sud, parent of La Victoire.

Laurentian will ensure its financial services businesses, with assets of C\$15.5bn (US\$13.4bn), are kept separate from the holding company.

## Singapore Land rejects S\$2.7bn offer from UIC

By Joyce Quek in Singapore

SINGAPORE LAND (Singland) has rejected a S\$2.7bn (US\$1.4bn) hostile bid by United Industrial Corporation (UIC), the latest move in the region's largest takeover battle.

Singland's board has "preliminarily concluded that the offer had no merit," it added that the company would make a fuller response once it had reviewed the conglomerate's formal offer.

The move to reject UIC's S\$1.5 a share offer was only 20 cents above Singland's price on the offer date, and was seen by analysts as too low to win general acceptance. But one analyst said the point of the exercise "is creeping control."

Singland's investment in Rush & Tompkins, the troubled UK construction group, will not help Mr S.P. Tao, the Singapore company's chairman. As its second largest shareholder, Singland faces a paper loss of S\$21m through its involvement with the UK concern.

UIC had raised its Singland stake from 26.7 per cent on April 6, when the offer was launched, to 39.1 per cent on Thursday. Singland shares closed on Thursday at \$1.40, down 20 cents.

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## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES		Latest prices	Change	Year ago	High	Low
		per tonne	cr oil week ago	1990	1990	1990
Gold per Troy oz.		\$795.25	-2.60	\$800	\$420.25	\$368.00
Silver per Troy oz.	+ or -	\$11.50	-4.30	\$46.10	\$22.50	\$0.15
Aluminium 99.7% (cash)	\$1,476.5	-6.5	\$2065	\$1,655	\$1,380.0	
Copper Grade A (cash)	\$1,710	+5.9	\$1,875.5	\$1,701	\$1,304.50	
Lead (cash)	\$2,053	+4.5	\$2,050	\$1,790	\$2,130.0	
Nickel (cash)	\$2,075	+2.5	\$2,054.5	\$1,725	\$2,125	
Zinc SHG (cash)	\$1,657	-3.75	\$1,625.5	\$1,722.5	\$1,550	
Tin (cash)	\$6,430	-215	\$6,675.25	\$7,020	\$6,150	
Cocoa Futures (Jul)	\$2,823	+4.5	\$2,785	\$2,933	\$2,622	
Coffee (Aug)	\$2,714	+11	\$2,132.6	\$3,020.0	\$2,620.0	
Bronze Futures (Jun)	\$1,08.20	+0.85	\$101.70	\$113.85	\$103.45	
Wheat Futures (Jun)	\$18.30	+0.65	\$12.25	\$19.60	\$11.00	
Cotton Outlook A Index	\$5.10	+0.26	\$7.60	\$2.750	\$7.70	
Wool (64s Super)	\$5.70	-0.05	\$5.60	\$5.80	\$5.70	
Oil (Brent Blend)	\$16.975	-0.85	\$16.50	\$21.375	\$17.025	

Per tonne unless otherwise stated. Uncoated, p-percentage, s-cents. Ex: 2-May.

## London Markets

## SPOT MARKETS

## SUGAR - London FOX (\$ per tonne)

Raw Close Previous High/Low

May 240.00 340.00 344.00 340.00

Aug 320.00 320.00 320.00 320.00

Oct 340.00 340.00 344.00 340.00

Dec 350.00 350.00 350.00 350.00

Mar 350.00 350.00 350.00 350.00

Turnover 600 (500) lots of 50 tonnes.

White 2167 (4540) lots of 5 tonnes

CO: Midweek (US\$ per pound) for Apr 11: Comp. daily 7/5.11 (77.40). 15 day average 74.30 (74.14).

Turnover 600 (500) lots of 40 tonnes.

White Close Previous High/Low

May 460.00 460.00 462.00 447.0

Aug 440.00 440.00 443.00 440.0

Oct 440.00 440.00 443.00 440.0

May 180.00 180.00 180.00 180.0

Turnover 600 (500) lots of 40 tonnes.

White 2167 (4540) lots of 5 tonnes

CO: Midweek (US\$ per pound) for Apr 11: Comp. daily 7/5.11 (77.40). 15 day average 74.30 (74.14).

Turnover 600 (500) lots of 40 tonnes.

White Close Previous High/Low

May 19.00 19.50 19.50 19.50

Jul 17.20 17.00 17.75 17.75

Aug 17.74 17.75 17.75 17.75

Oct 17.74 17.75 17.75 17.75

May 17.50 17.50 17.50 17.50

Turnover 37 (70) lots of 20 tonnes.

White Close Previous High/Low

Jun 19.00 19.50 19.50 19.50

Jul 17.20 17.00 17.75 17.75

Aug 17.74 17.75 17.75 17.75

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May 17.50 17.50 17.50 17.50

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## INTL COMPANIES

# Packer bid for Bond Media is withdrawn

MR KERRY Packer, the Australian financier, has withdrawn a hostile takeover bid for Bond Media, a national television station operator that is part of Mr Alan Bond's beleaguered corporate empire, Agencies report.

Mr Packer sold the network to Bond in 1987 for around A\$1bn (US\$765m) and is still owed A\$200m from that transaction. When it looked as if the cash-strapped Bond group could not repay the debt, Mr Packer launched a takeover bid for Bond Media, which operates the Channel Nine national television network, the values the company at just A\$50m.

The offer, announced last December, was one share in a new company named Telstra Corporation of Australia (TCA) for every 10 Bond Media shares. It valued Bond Media at 10 cents a share, compared with a market price of 13 cents on Thursday when Mr Packer announced his latest move, and attracted few acceptances.

An underwriting agreement arranged by Mr Packer for the bid expires tomorrow.

TCA said: "Given the imminent expiry of its underwriting agreement, [it] has sought and obtained from the National Companies and Securities Commission consent to the withdrawal of its takeover offer."

Mr Packer started wind-up proceedings against Bond Media on April 6 in the Western Australia State Supreme Court. The action will be heard on May 2, with an application from Bond Media to have the petition dismissed.

Bond Media owed Mr Packer the final instalment, of A\$200m, held in the form of convertible preference shares for the purchase of Channel Nine. It claimed it was not permitted to repay this final instalment under the Companies Code because it had insufficient retained profits.

Mr Packer's lawyers said they would allege that Bond Media did not have sufficient profits to repay the convertible preference shares, due to have been repaid on March 31.

Bond Media, meanwhile, is



Kerry Packer: stand-off liquidation proceedings

trying to arrange a capital injection from foreign TV companies to reduce debt and wants to "restructure" its finances.

Separately, Bond Corp International, a Hong Kong-based unit of Mr Bond's corporate group, said it concluded the sale of its interest in Compania de Telefonos de Chile a US\$383.5m.

In February the company announced a preliminary agreement to sell its 53 per cent stake in Chile's national telephone company to T. L. Telefonos Internacionales de Espana.

Bond Corp is selling assets to reduce its total debt of about A\$7bn.

It compares with net earnings of A\$32.3m in the first half of the previous year, the last profit achieved by the group before its fortunes underwent a severe reversal.

Bond Corp has been struggling to sell assets to reduce borrowings and its board said the company's "continued operation is largely dependent on the completion of the asset sales programme, further debt retirement and the restructuring of the group and its finances."

# Fletcher seeks NZ forestry acquisition

FLETCHER Challenge, New Zealand's biggest company, has said it wants to spend up to NZ\$500m (US\$349.9m) on a significant New Zealand forestry acquisition, writes AP-DJ.

Fletcher indicated it might bid for either the New Zealand forest products division of Elders Resources NZPF, an Australasian forestry and resources company, or some crown forest cutting rights.

There is speculation that Elders Resources NZPF will be split up. Elders IXL of Australia has said it intends to sell its controlling 48 per cent stake in the company.

## BÜHRMANN-TETTERODE N.V. (Incorporated in Amsterdam, The Netherlands)

### Recommended Offers

by

### Morgan Stanley International

on behalf of

### Bührmann-Tetterode n.v.

to acquire the whole of the issued ordinary share capital of

### Robert Horne Group plc

Copies of the Offer Document posted on 12th April, 1990 to shareholders of Robert Horne Group plc may be obtained by holders of Bührmann-Tetterode Bearer Depository Receipts during normal business hours while the Offers remain open for acceptance at the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and from:

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1A Wimpole Street  
London W1M 7AA

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Morgan Stanley International is a Member of The Securities Association.

## FOREIGN EXCHANGES

# Keeping to narrow range

The currency markets were quiet on Thursday as dealing wound down before the Easter holiday weekend. The major currencies were confined to narrow ranges for most of the day, with the main features being a slight weakness in the US dollar, and a degree of strength in the D-Mark. Elsewhere, sterling declined late in the day on worries over inflation.

The March US retail sales figures, which showed the largest decline in six months, followed other data which have pointed to a slower pace of economic growth. An upward revision to February sales prevented a larger outbreak of gloom on the prospects for the US economy, but was insufficient to stop a slight depreciation in the dollar.

The retail sales figures along with weak unemployment numbers have forced the market to react to the possibility of a weakening economy," said Mr David Cocker, chief

economic adviser at Chemical Bank. "This has given the dollar a slightly softer tone."

The dollar closed at DM1.6730 on Thursday, compared with DM1.6745 on Wednesday. It was also unchanged at Y158.20; but weaker at SF1.4850 against SFr1.4845; and at FF15.8225 from FF15.8300. The dollar's index, as calculated by the Bank of England, was 0.1 point lower at 63.2.

The dollar's weakness lent some support to the D-Mark, which continued to benefit from the recent remarks made by Mr Helmut Haussmann, West German Economics Minister, who said at the beginning of the week that German monetary union will not fuel inflation.

The D-Mark closed at Y94.55 against Y94.45 the previous day, and was also firmer against sterling. But against European currencies it was unchanged to weaker. It softened to FF13.3600 from FF13.3630.

Sterling suffered from some late weakness, particularly against the D-Mark, as traders reacted to a larger-than-expected rise in inflation. Sterling closed at \$1.6420 from \$1.6435 on Wednesday, at DM2.7475 versus DM2.7525, at SF1.4850 from SF1.4840, and FF15.8225 from FF15.8255. Sterling's index closed at 87.0, down 0.1.

But Mr Tim Fox, Treasury Economist at Midland Montagu said: "The fact that the market has taken Hansmann's words as symptomatic of a thin market," although he added that over the longer-term the

two Germany's would be able to reap the benefits of reunification without an upsurge in inflation.

In addition, the D-Mark's strength against the Japanese currency was due to the Bundesbank's unwillingness to intervene against the West German currency in order to support the beleaguered yen, Mr Cocker explained.

The D-Mark closed at Y94.55 against Y94.45 the previous day, and was also firmer against sterling. But against European currencies it was unchanged to weaker. It softened to FF13.3600 from FF13.3630.

Sterling suffered from some late weakness, particularly against the D-Mark, as traders reacted to a larger-than-expected rise in inflation. Sterling closed at \$1.6420 from \$1.6435 on Wednesday, at DM2.7475 versus DM2.7525, at SF1.4850 from SF1.4840, and FF15.8225 from FF15.8255. Sterling's index closed at 87.0, down 0.1.

But Mr Tim Fox, Treasury Economist at Midland Montagu said: "The fact that the market has taken Hansmann's words as symptomatic of a thin market," although he added that over the longer-term the

## E IN NEW YORK

Apr.12	Close	Previous Close
Apr.12	Close	Previous Close
1.6410 - 1.6420	1.6415 - 1.6420	1.6405 - 1.6410
1 month	1.65 - 1.67	1.645 - 1.655
12 months	1.70 - 1.7050	1.65 - 1.6550

Forward spreads and discounts apply to the US dollar.

## STERLING INDEX

Apr.12	Previous
97.1	97.2
97.2	97.3
97.2	97.3
97.1	97.1
97.1	97.1
97.0	97.0

Commercial rates taken between the end of London trading and 11pm, UK time and ECU are quoted in US currency.

Forward premiums and discounts apply to the US dollar.

## CURRENCY RATES

Apr.12	Rate	Special Drawers Rights	Currency / Unit
1.6410 - 1.6420	1.6415 - 1.6420	0.88 - 0.90	6.36
1.6420 - 1.6430	1.6425 - 1.6430	0.85 - 0.87	6.36
1.6430 - 1.6435	1.6435 - 1.6435	0.85 - 0.87	6.36
1.6435 - 1.6437	1.6435 - 1.6437	0.86 - 0.88	6.36
1.6437 - 1.6440	1.6435 - 1.6440	0.86 - 0.88	6.36
1.6440 - 1.6445	1.6445 - 1.6445	0.86 - 0.88	6.36
1.6445 - 1.6450	1.6445 - 1.6450	0.86 - 0.88	6.36
1.6450 - 1.6455	1.6450 - 1.6455	0.86 - 0.88	6.36
1.6455 - 1.6460	1.6455 - 1.6460	0.86 - 0.88	6.36
1.6460 - 1.6465	1.6460 - 1.6465	0.86 - 0.88	6.36
1.6465 - 1.6470	1.6465 - 1.6470	0.86 - 0.88	6.36
1.6470 - 1.6475	1.6470 - 1.6475	0.86 - 0.88	6.36
1.6475 - 1.6480	1.6475 - 1.6480	0.86 - 0.88	6.36
1.6480 - 1.6485	1.6480 - 1.6485	0.86 - 0.88	6.36
1.6485 - 1.6490	1.6485 - 1.6490	0.86 - 0.88	6.36
1.6490 - 1.6495	1.6490 - 1.6495	0.86 - 0.88	6.36
1.6495 - 1.6500	1.6495 - 1.6500	0.86 - 0.88	6.36
1.6500 - 1.6505	1.6500 - 1.6505	0.86 - 0.88	6.36
1.6505 - 1.6510	1.6505 - 1.6510	0.86 - 0.88	6.36
1.6510 - 1.6515	1.6510 - 1.6515	0.86 - 0.88	6.36
1.6515 - 1.6520	1.6515 - 1.6520	0.86 - 0.88	6.36
1.6520 - 1.6525	1.6520 - 1.6525	0.86 - 0.88	6.36
1.6525 - 1.6530	1.6525 - 1.6530	0.86 - 0.88	6.36
1.6530 - 1.6535	1.6530 - 1.6535	0.86 - 0.88	6.36
1.6535 - 1.6540	1.6535 - 1.6540	0.86 - 0.88	6.36
1.6540 - 1.6545	1.6540 - 1.6545	0.86 - 0.88	6.36
1.6545 - 1.6550	1.6545 - 1.6550	0.86 - 0.88	6.36
1.6550 - 1.6555	1.6550 - 1.6555	0.86 - 0.88	6.36
1.6555 - 1.6560	1.6555 - 1.6560	0.86 - 0.88	6.36
1.6560 - 1.6565	1.6560 - 1.6565	0.86 - 0.88	6.36
1.6565 - 1.6570	1.6565 - 1.6570	0.86 - 0.88	6.36
1.6570 - 1.6575	1.6570 - 1.6575	0.86 - 0.88	6.36
1.6575 - 1.6580	1.6575 - 1.6580	0.86 - 0.88	6.36
1.6580 - 1.6585	1.6580 - 1.6585	0.86 - 0.88	6.36
1.6585 - 1.6590	1.6585 - 1.6590	0.86 - 0.88	6.36
1.6590 - 1.6595	1.6590 - 1.6595	0.86 - 0.88	6.36
1.6595 - 1.6600	1.6595 - 1.6600	0.86 - 0.88	6.36
1.6600 - 1.6605	1.6600 - 1.6605	0.86 - 0.88	6.36
1.6605 - 1.6610	1.6605 - 1.6610	0.86 - 0.88	6.36
1.6610 - 1.6615	1.6610 - 1.6615	0.86 - 0.88	6.36
1.6615 - 1.6620	1.6		





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CH 10 | S 10 | L 15 |



## AMERICA

# Dow gains on hopes of strong IBM earnings

## Wall Street

A RALLY in blue-chip oil issues and optimism about IBM's first-quarter earnings, due to be published on Monday, helped the stock market to make broad gains on Thursday, writes Janet Bush in New York.

The Dow Jones Industrial Average closed 22.07 points higher at 2,751.80, up 1.2 per cent from last Friday, on sluggish volume of 142m shares. On Wednesday, the Dow had closed 1.35 points lower at 2,729.73. Trading was fairly dull on Thursday as traders wound down ahead of yesterday's Good Friday closure. Most of the session's movement was achieved during the morning and the Dow then traded in a narrow range around the 2,750 level.

The Treasury bond market was quiet and uninspired and closed early on Thursday. At the finish, the Treasury's benchmark long bond was quoted just under 1% point lower for a yield of 8.86 per cent. Treasuries did very little over the immediate period following yesterday's March retail sales figures, which were on balance negative for the market. Although March sales fell unexpectedly, the February fall was revised to a smaller decline and several department stores reported healthy sales in early April suggested a rebound.

In the stock market, the focus was on oil stocks, which rebounded as crude oil prices recovered. At mid-session on Thursday, the May crude oil futures contract was quoted up 9 cents at \$18.15 a barrel. Among oil issues, Mobil added 4% to 80%, Chevron gained 3% to 86%, and Exxon edged 3% higher to 45%.

The other stock in the lime-light was International Business Machines (IBM) which gained 8% to 107% amid talk that its results on Monday would be strong. Broker Smith Barney raised its earnings estimate for the quarter slightly, citing a belief that the company's order rate might be higher.

## ASIA PACIFIC

# Currency fears send Nikkei lower

## Tokyo

SHARE prices ended a day of volatile trading on Thursday with moderate gains, but yesterday the market closed sharply lower as renewed concern over the damaging effects of the weak yen on the Japanese economy erased any lingering optimism, writes Michio Nakamoto in Tokyo.

Arbitrage activity led to wild swings in the market on Thursday, the last trading day for the April contract of stock index options. The Nikkei average traded between a high of 29,857.90 and a low of 28,176.84 but closed 182.32 firmer after professionals shopped up prices. Declines outnumbered advances by 512 to 419 and 170 issues were unchanged.

By yesterday, however, the support that lifted share prices on Thursday could not be maintained and the Nikkei average fell 409.28 to 28,212.92. During the day it dipped below the 28,000 mark to a low of 27,956.50 while the high was at 28,536.30. Losers eclipsed gainers by 572 to 323.

**Roundup**

PACIFIC Basin markets gave a mixed performance on Thursday from Wednesday's 500m fall and shrank to 320m yesterday. Electrical issues, which had been expected to spearhead a recovery on the ground that as exporters they would benefit from a weaker yen, fell both on Thursday and yesterday on signs that efforts to avert US-Japanese trade friction were not progressing.

Hirochi fall 40 on Thursday to Y1,640 and dropped Y10 to Y1,630 yesterday. On both days it was the most actively traded issue, with volume at 14.1m shares yesterday.

Toshiba, a leading producer of synthetic fibres, rose Y22 to Y788 on news that Boeing had certified its carbon-fibre product, Toray, for use in primary structural elements of aircraft. It was the second most actively traded stock with 10.9m shares changing hands.

In Osaka, the index fell 17.61 to 31,364.84 on Thursday, and dropped a further 13.74 to 30,800 yesterday.

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

## FT-ACTUARIES WORLD INDICES

		THURSDAY APRIL 12 1990				WEDNESDAY APRIL 11 1990				DOLLAR INDEX			
NATIONAL AND REGIONAL MARKETS	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency	Day's % change	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency	1990 High	1990 Low	Year up to date (approx)	
Australia (81)	134.64	-0.3	121.57	116.73	-0.5	5.93	135.08	121.85	117.25	186.51	133.38	122.22	
Austria (19)	277.45	+1.5	264.22	250.23	+0.3	1.10	264.22	250.23	245.00	250.23	245.00	245.00	
Belgium (51)	124.78	-0.2	134.32	127.16	+0.5	1.00	124.22	133.70	125.47	160.02	122.11	133.65	
Canada (12)	138.98	-0.2	125.48	117.04	+0.3	1.45	139.22	121.58	117.38	153.81	137.42	121.58	
Denmark (33)	242.71	+0.0	255.46	217.10	+0.0	1.48	246.71	225.26	217.10	260.82	235.69	174.78	
Finland (26)	135.98	+0.0	122.76	113.44	+0.0	2.64	135.98	122.85	113.44	125.29	130.38	151.37	
France (125)	165.87	-0.7	149.78	146.29	+0.0	2.69	164.64	148.52	140.40	165.67	141.68	141.68	
West Germany (94)	185.11	+1.1	122.09	117.82	+1.0	1.84	184.00	171.20	163.37	171.71	122.20	87.63	
Hong Kong (45)	122.00	+0.0	111.78	108.58	+0.0	2.52	122.00	108.58	108.58	125.57	122.00	108.58	
Ireland (17)	100.22	+0.0	170.73	168.42	+0.1	2.59	100.22	168.17	170.65	165.24	188.57	145.72	
Italy (454)	154.06	+0.0	121.05	134.08	+0.0	0.61	142.12	197.25	194.40	194.40	168.32	168.32	
Malaysia (35)	217.74	+0.2	186.60	228.85	+0.2	2.36	217.29	196.02	228.38	245.32	208.85	196.02	
Mexico (13)	403.66	+1.1	364.47	120.14	+0.7	0.42	389.82	590.00	120.05	404.91	324.53	173.48	
Netherlands (43)	140.13	+0.4	128.82	120.46	+0.3	4.69	140.13	120.07	120.07	143.45	118.43	118.75	
New Zealand (17)	222.37	+0.1	200.90	208.70	+0.0	1.77	222.37	195.28	195.28	208.87	246.90	202.34	
Norway (25)	188.88	+0.0	170.51	163.31	+0.1	1.84	188.92	170.43	163.07	192.00	170.43	188.82	
Singapore (26)	185.74	+0.8	167.71	160.80	+0.8	3.66	184.30	162.85	162.85	191.93	180.87	145.56	
South Africa (50)	145.20	+0.7	131.10	116.99	+0.4	4.33	144.22	130.10	116.47	155.19	120.33	116.47	
Spain (42)	182.09	+0.0	170.73	168.42	+0.1	2.59	182.09	168.17	170.65	165.24	188.57	145.72	
Sweden (35)	180.40	-0.1	162.88	162.70	-0.1	2.42	180.57	162.88	162.70	206.95	173.89	158.30	
Switzerland (55)	91.97	+0.5	83.04	84.55	+0.3	2.32	91.56	84.27	89.12	88.75	77.33	84.55	
United Kingdom (807)	148.01	+0.2	133.94	133.64	+0.3	4.94	147.78	133.27	133.27	164.31	144.69	143.32	
USA (537)	128.26	+0.7	123.74	120.95	+0.7	3.45	128.25	120.74	120.74	132.05	145.40	120.67	
Europe (891)	141.35	+0.5	127.93	124.73	+0.5	3.55	140.94	126.87	124.15	146.88	155.57	118.58	
Nordic (122)	187.36	+0.0	169.17	159.54	+0.0	1.95	187.45	169.10	169.58	201.98	156.01	152.63	
Pacific Basin (661)	133.68	+0.0	120.70	122.89	+0.0	0.98	132.52	122.94	122.75	124.53	124.53	124.47	
Euro - Pacific (1632)	137.14	+0.2	120.32	120.32	+0.2	2.04	136.58	127.97	127.97	131.45	129.45	127.97	
North America (657)	185.15	+0.7	122.23	117.78	+0.5	2.71	134.44	121.28	118.03	135.73	124.81	103.01	
Europe Ex. UK (662)	122.38	+0.1	115.62	116.04	+0.0	5.21	128.28	116.04	115.32	126.77	126.45	126.45	
Pacific Ex. US (207)	137.52	+0.2	124.44	120.49	+0.2	2.11	137.52	124.10	120.28	173.77	131.30	168.57	
World Ex. UK (2075)	136.20	+0.4	122.58	133.29	+0.4	2.22	135.68	122.38	122.38	162.00	130.80	142.64	
World Ex. So. Af. (2222)	136.94	+0.4	123.95	133.09	+0.4	2.57	136.43	123.07	132.07	162.82	161.84	151.93	
World Ex. Japan (1928)	140.27	+0.6	126.66	132.94	+0.6	3.65	138.45	125.80	123.19	145.82	135.25	120.81	
The World Index (2382)	137.24	+0.4	123.91	133.29	+0.4	2.58	136.72	123.34	122.80	162.05	132.25	142.66	

The World Index (2382) 137.24 +0.4 123.91 133.29 +0.4 2.58 136.72 123.34 122.80 162.05 132.25 142.66

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## WORLD STOCK MARKETS

# Rumours brake 'La Générale' in Belgian revival

Tim Dickson in Brussels looks at a sleeping giant in a market suffering from lack of inspiration

**T**HE NAME of Mr Carlo de Benedetti is back on Belgian lips.

Two years after his failed attempt to win control of Société Générale de Belgique (SGB), the Italian businessman apparently wants to sell the 15 per cent stake he owns in 'La Générale' as part of the final shareholder

press has been making more optimistic noises in the last few days.

The market certainly needs inspiration after its dull performance in the first quarter of 1990. Weakness in January became more marked in February, with successive falls of 1.8, 5 and 2.6 per cent, although the second half of March saw some returning strength. The market is now around 6 per cent lower than at the year's end - no cause for celebration, but less disappointing in local currency terms than dips in







THE FINEST ENGLISH FULL LEAD CRYSTAL

# FINANCIAL TIMES

Weekend April 14/April 15 1990

**brother.**  
MICROWAVES  
KNITTING MACHINES - INDUSTRIAL AND  
DOMESTIC SEWING MACHINES

## Pilgrims and police throng Jerusalem

By Hugh Carnegy

POLICE were out in force in the Old City of Jerusalem yesterday to prevent a repeat of Thursday's clashes in the Christian quarter, as thousands of Christian pilgrims thronged the streets in traditional Good Friday ceremonies.

Yesterday's procession, which retraced Christ's path to the cross, passed off peacefully despite the presence of a large group of Jewish settlers, whose surprise move into a vacant Christian hospice provoked angry protests on Thursday.

The arrival of the 150-strong Jewish group, the first Jewish move into the Christian area since Israel captured the Old City in 1967, ended with police firing tear gas at close quarters into a joint Christian-Moslem demonstration.

Right-wing former defence minister Ariel Sharon, who owns a heavily guarded apartment in the Old City, visited the settlers for the third successive day to demonstrate support for their cause.

Both Christian and Moslem Arabs regard the Jewish move as part of a gradual attempt to oust them from the Old City. Jewish groups have established several settlements in the Moslem quarter.

"The Israelis want to Judaize the city of Jerusalem," Mayor Hanna Atrash of Beit Sahour, a predominantly Christian town near Bethlehem, complained.

The latest group paid \$3.5m (£2.13m) for a 10-year lease on St John's Hospice, a 72-room stone building within yards of the Church of the Holy Sepulchre. The Greek Orthodox Church says the Armenians who sold the lease had no right to do so and has petitioned the Israeli courts to confirm its ownership.

The dispute drew attention away from the flagging efforts of Mr Shimon Peres, the Labour party leader, to form a new government committed to peace talks with the Palestinians.

Mr Peres was given 15 more days to put together an administration after he failed at the first attempt on Wednesday. His efforts to win back two ultra-orthodox Knesset members who deserted him have progressed little.

If he fails, there are growing indications that Mr Yitzhak Rabin, his chief rival within the party, will try to revive the Likud-Labour coalition that collapsed in March.

Keeping faith and taking umbrage, Page 2

## Wage-price spiral fears grow as earnings and inflation surge

By Rachel Johnson and Peter Norman

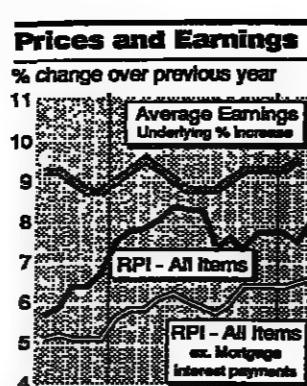
FEARS of a wage-price spiral at the height of the wage-bargaining season have been reawakened by increases in both the rate of average earnings growth and the inflation rate.

According to official figures published on Thursday, the annual underlying increase in average earnings rose a quarter of a per cent in February to 9.5 per cent, the first increase in four months.

Other figures showed the annual inflation rate reaching 8.1 per cent in March against 7.5 per cent the previous month.

The figures could deal a blow to Government and employer hopes of restraining pay increases; union negotiators will be taking both into account in formulating pay claims, and April is a particularly heavy month for annual pay settlements.

Adding to the problems facing the Government and employers is the strong expectation that the retail prices index for April, to be published next month, will show the annual rate of inflation going well over 9 per cent as the



community charge, or poll tax, and Budget increases in excise duties come to be reflected in the figures.

The March inflation figures were slightly worse than most analysts' expectations. The increase was fuelled particularly by higher mortgage rates, together with increased prices for food, alcoholic drinks, household goods, clothes, footwear and motor vehicles.

Even with mortgage interest stripped out, inflation rose

from February's 6.3 per cent to 6.3 per cent, its highest level since February 1983.

On average earnings, the majority of City economists had expected the underlying increase to remain static at 9.5 per cent.

Mr Michael Howard, Employment Secretary, greeted news of the rise with a sharp warning against the dangers of excessive pay settlements, and said that moderation was essential if future job prospects were not to be put at risk.

Unemployment in the UK could start to rise again in the coming months, he said. "Excessive pay settlements are not conducive to further falls in unemployment, particularly if as expected, the rate of growth in the UK economy slows." He warned that "much depends on the behaviour of wage bargainers."

The Department of Employment said that an 8.3 per cent settlement for National Westminster Bank and an 8 per cent deal for workers at Woolworth, the retail store chain, had lifted the February index. Jobless totals may be on brink of rise, Page 3.

Ings are rising faster than those for unit wage costs, although these are also on an upward trend. In the final three months of 1989, unit wage costs for the whole economy rose by 9 per cent against 10.1 per cent in the previous year.

However, the department said that the drop was a misleading one which "did not paint the whole picture." Mr Simon Briscoe, UK economist at Greenwell Montagu, said that unit wage costs had been depressed by a surge in output from the North Sea oil after its recovery from the Piper Alpha disaster.

The Central Statistical Office said the retail prices index rose to 121.4 (base January 1987 = 100) in March from 120.2 in February. The tax and price index, which measures the increase in gross taxable income needed to compensate taxpayers for any increase in retail prices, advanced in line with inflation to 115.9 (base January 1987 = 100) from 114.7.

Jobless totals may be on brink of rise, Page 3.

## Soviet Katyn admission brings lukewarm response from Poles

By Our Foreign Staff

THE Polish Government yesterday gave a lukewarm response to the Soviet Union's admission that it was responsible for murdering thousands of Polish army officers in 1940 in the Katyn forest near Smolensk.

The Soviet admission of the crime committed on the Polish officers in Katyn was long-awaited, the Polish Government said.

It expected "clarification of all so-called blank spots in our common history, of which the symbol for us Poles was the Katyn massacre."

The massacre had "painfully overshadowed relations between our two nations," a government statement said.

In a statement issued late on Thursday by Tass, the official news agency, the Soviet Union blamed the atrocity on Stalin's NKVD, forerunner of the present-day KGB secret police.

The Soviet side, expressing its deep regret in connection with the Katyn tragedy, declares that it is one of the most serious crimes of Stalinism," it said.

The admission, long sought by Poland, was timed to coincide with the visit to Moscow of President Wojciech Jaruzelski of Poland.

Mr Jaruzelski, whose position is under threat from Mr Lech Walesa, the Solidarity leader, yesterday held talks with President Mikhail Gorbachev in Moscow. He is due to pay his respects at Katyn today.

Mr Walesa welcomed Moscow's announcement but said admissions were not enough: the perpetrators must be brought to justice.

"It is good that murderers admit their murder. But they must remember that this is only part of the problem," Mr Walesa told reporters in his home city of Gdańsk.

The remains of more than 4,000 Polish officers, each shot through the back of the head, were found in a mass grave at Katyn in the western Soviet Union in 1942 by invading German troops. The bodies of 11,000 others were never found.

The Tass statement said documents discovered recently had shed new light on their fate.

All but 384 of them were handed over to the NKVD in

## Ban on food irradiation may remain in force

By Bridget Bloom

BRITISH ministers are having second thoughts about their controversial decision to ban the irradiation of food.

They fear that the strength of the protests against the proposal means that the Government would only court further unpopularity by lifting the ban on suspicion.

Irradiation is a process similar to microwave cooking: food is submitted to low levels of ionising radiation which kill certain harmful bacteria and can also delay ripening in fruit and vegetables.

Mr John MacGregor, then Agriculture Minister, announced in June last year that the ban would shortly be lifted.

That followed a recommendation by the Cabinet committee on food set up in February last year under the chairmanship of the Prime Minister, Mrs Margaret Thatcher. Since then ministers have mounted a robust defence of the process.

However, there are indications that Mr John Gunnar, Mr MacGregor's successor as Minister of Agriculture, and Mr David Maclean, the Minister with special responsibility for food, could soon recommend to the Cabinet that regulations which would authorise the process be postponed, at least until the European Community reaches a common position on the issue.

The principal reason would be political: pressure for the process to remain outlawed is currently much stronger than the lobby for its authorisation.

The Government's scientific experts have declared irradiation safe and helpful in preventing contamination in certain foods, but many food processors and retailers have announced that they would not use it if it were available.

However, postponement of a decision also creates problems. Mr Gunnar has said that in the light of acceptance of the process by the World Health Organisation, the US Food and Drugs Administration and Britain's own Advisory Committee on Irradiation and Novel Foods "there is absolutely no logical reason for us to maintain our ban."

In a recent speech, Mr Maclean, who is piloting the Food Safety Bill through parliament, condemned "pseudo-scientists" and the myths they had created about irradiation.

The process had been accepted as safe by every independent scientific committee that has ever considered the subject.

On Thursday a group of US senators, headed by Mr Robert Dole, the Senate Republican leader, visited Iraq and handed Mr Saddam a letter expressing concern over Iraqi weapons programme.

"Our efforts to develop a nuclear, chemical and biological capability seriously jeopardise - rather than enhance - your security, potentially threatening other nations of the region and provoke dangerous tensions throughout the Middle East," said the letter, which was written in consultation with President Bush.

Iraq, which has used chemical weapons against Iranians and Iraqi Kurds, says it is willing to dismantle weapons of mass destruction, but it wants Israel to do likewise.

## THE LEX COLUMN

### The markets enjoy an Easter break

The markets were already in holiday mood on Thursday, hence their equanimity in the face of the horrific inflation figures. After Easter, the news may sink home. It was not just that the annual rate passed 8 per cent, or that the underlying (ex-mortgages) rate rose once again to 6.3 per cent.

There was also the rise in average earnings of 9.5 per cent and statistics on notes in circulation which indicated that M0 may well be rising by nearly 7 per cent. Add in the prospect that inflation could yet hit double figures in the summer peak and the Chancellor's forecast for an end year rate of 7.25 per cent already looks out of date.

The poll tax could give another twist to the wage-price spiral. Apart from adding another 1 per cent plus to the annual RPI figure, the sheer resentment the tax has caused may prompt workers to be fiercer in demanding compensation. Already there are signs that labour shortages are forcing employers, such as the food retailers, to award double figure wage increases. Many companies will be willing and able to pass the increases straight on to the consumer.

With the Conservatives fac-

ing a drumming in the local

elections next month, the

market could give another

spell of severe pressure. All this

postpones the electoral popu-

larity cut in mortgage rates and thus prolongs the period of dis-

content with the Government.

In the face of such continued

bad news, it is tantalising to

argue that the slightest hint of

good news and the market

could move decisively

upwards. After all, yields are

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The poll tax could give

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sation. Already there are signs

that labour shortages are for-

cing employers, such as the food

retailers, to award double

figure wage increases. Many

companies will be willing and

able to pass the increases straight

on to the consumer.

With the Conservative fac-

ing a drumming in the local

elections next month, the

market could give another

spell of severe pressure. All this

postpones the electoral popu-

larity cut in mortgage rates and thus prolongs the period of dis-

content with the Government.

In the face of such continued

bad news, it is tantalising to

argue that the slightest hint of

good news and the market

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# Weekend FT

SECTION II

Weekend April 14/April 15, 1990

## Life: is the price right?

*Can you value human life in money terms?  
Jane McLoughlin on those who do*

**W**HAT IS the price of human life in a market economy? Or is life, as some Christians believe, a gift from God, not to be traded, nor even discussed in such terms, except during war? The advance of capitalism has made it harder to retreat to the simplest idea of the sacrement of life, for two reasons.

Firstly, people travelling on ferries, aircraft and motor vehicles — or those living near nuclear plants — are increasingly subject to man-made dangers that they cannot control or avoid. The cost of their safety is usually borne by others; competes with profit, and is influenced by wider economic trade-offs. Secondly, advanced societies now have the means to spend relatively huge amounts on keeping death at bay if they so choose.

Some choose otherwise: the earthquakes in Armenia last December measured an identical 6.9 on the Richter scale. In Armenia, 25,000 people died compared with fewer than 200 in San Francisco.

Money made the difference. In the US city, millions of dollars had been spent in the planning, design and reinforcement of buildings to withstand an earthquake, whereas in Russia construction costs had been kept to a minimum. No special provision was made against the known risk of such a disaster.

So money can buy life. In Britain, disasters have repeatedly raised the question of how much people are prepared to pay to prevent them. The Kings Cross underground fire in London (November 1987) and the Piper Alpha oil platform fire in the North Sea in July 1988, the Clapham rail crash in south London (December 1988) all provoked strong public anxiety that the loss of life was greater than it should have been because of financial stringencies.

These disasters also raised disturbing questions about the way modern societies value a life after it has been destroyed. The maximum awards by Occidental Oil, the US company which operated Piper Alpha, to families of the 167 victims, exceeded £1m per victim, and the average award was £600,000. By contrast, official agencies assessing a person's worth by their economic usefulness, rate life much more cheaply. The Ministry of Defence paid £5,000 to the owner of a lame — the animal died after an RAF aircraft flew low overhead — and offered the parents of a 19-year-old soldier killed by the IRA £2,000.

Last year the Government laid down compensation for the victims of the Kings Cross fire at £3,500 for a child under 18, but nothing for a child over 18. The Peninsular and Oriental Steam Navigation Com-

pany considered it was being generous when it offered \$10,000 for each of those killed on the Herald of Free Enterprise, the North Sea ferry which sank off Zeebrugge in Belgium, with \$5,000 for each survivor.

In spite of some protest, it seems such awards do reflect a kind of mass consensus on deserving. Public generosity ran to several million pounds in providing an appeal for the victims of the Hillsborough football stadium collapse. But the comparative stinginess for the relatives of those drowned in the Marchioness, the Thames pleasure boat which sank near Southwark Bridge, in London, was explained in terms of perceived financial need. The Chamberlain Union, insurer of the Marchioness, made an interim payment of £3,000 to survivors last month, but only a handful of payments have been made to families of the 51 victims.

Society seems to believe tacitly that economic loss should be the overriding criterion in pricing lives: an idea familiar to those ancient Icelandic assemblies which voted the compensation due after a killing on the basis of the rank and influence of the victim.

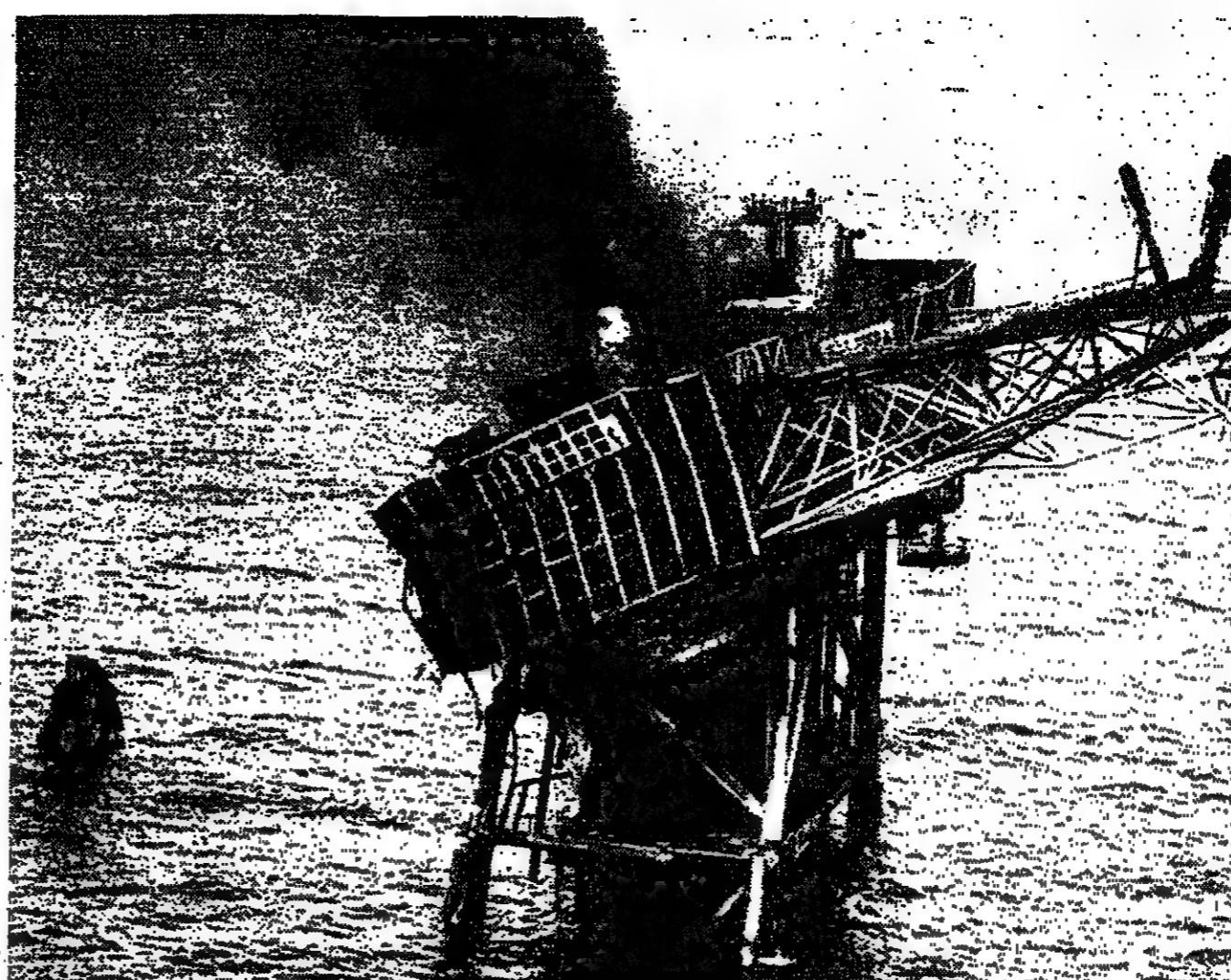
In an age of disaster inquiries and legal process, basic compensation figures are often seen merely as interim payments, because once official inquiries lay blame, courts can introduce a punitive element to pricing death. It is at this point that a corporate investment which underestimates the statistical value of life can become demonstrably very bad business.

For example, the leak from the Union Carbide chemical factory in Bhopal, India, which killed 2,800 people in December 1984, has already cost the US multi-national £145m in interim relief, and £33m in out-of-court settlements. In addition, the Indian government filed a £1bn damages claim on the basis of the company's negligence, a claim which is still being pursued. Whatever the final figure, it is already clear that investment of a fraction of those costs in management skills and safety procedures would have paid off if the accident had been prevented.

However, even when there is a will to pay, the cost cannot be open ended, and must presumably be related in some way to what is reasonable to preserve life; that is, its worth. Evaluating this in financial terms presents deep theoretical and practical problems. The value of statistical life — or the amount of money we are prepared to spend to save a notional life — has traditionally been calculated by the "human capital" method. This, according to the UK Health and Safety Executive, "equates a life to the value of a person's stream of economic output, plus a notional sum for pain, grief and suffering."

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Union Carbide: The Bhopal accident concentrated corporate and governmental minds. But this is what it meant for those who lived there — the young man (above right) and this sick child

Main picture: the Piper Alpha oil platform disaster in the North Sea.

But even the executive admits that "this approach, though valuable, cannot weigh the preferences of the individuals at risk, nor does it do justice to those who are not income earners such as children or retired people."

So, in the context of an overcrowded industrial world dependent on chemicals, power generation, fuel and the internal combustion engine, two other bases for cost benefit analysis in assessing the value of life have gained ground. One originally the idea of Mussolini's finance minister, is based on value benefits, or what the beneficiaries would be prepared to pay for having their lives saved, the other involves valuing costs according to what potential losers would consider fair compensation for loss of life.

Experts by no means agree how to reconcile these approaches, even in theory. Dr John Adams, head of the Department of Geography at University College London, says the field of risk assessment in valuing life is a

He points out that the Roskill Inquiry into the third London airport in 1971 suggested a value of £8,300 per life. This was made up of £5,000 for suffering and grief and £3,300 from estimating a present day capital sum equal to the total future income of the average victim, minus a present day value for the cost of what they might have been expected to spend throughout their lifetime. Unfortunately average female incomes were so low compared to consumption that the calculations suggested a net benefit to the economy if

an aircraft crashed on a woman.

"I had some fun with that, and hope I may have persuaded them to stop subcontracting consumption not long afterwards," says Dr Adams.

But there are also insuperable problems in establishing cost values because the only valuer is the potential loser. When some people were asked to set a figure, they put the price of life at infinity, which made nonsense of any cost benefit analysis. This introduced the concept that every man has his price and if he won't divulge it, it would be decided for him."

In practice, the price of life varies according to the method of risk assessment. The National Radiological Protection Board has figures which compare mean average values put on statistical life by each assessment method: At 1986 values, UK compensation (based on previous cases) gives a mean value of £26,000: the "human capital" method of fixing notional values sets the cost of a statistical life at £260,000; and the other methods arrive at something under £2m.

The value put on life also varies from one industrial sector to another, although figures, if they exist, are commercially secret. The Department of Transport is one of the few public bodies which notionally puts a price on a human life — £500,000. That is what is prepared to spend to prevent the loss of a life.

This rather arbitrary figure raises the interesting question of how society would allocate resources between competing demands for preserving life if the subject were less clouded with emotion. This is what an economist might call the opportunity cost of life saving. For example,

might money spent on crash barriers be better diverted to, say, artificial kidney machines (treatment costs: £5,000 a year), transplant surgery (£10,000 to £15,000 per operation). More controversially, should such money be spent on improving conditions for the living, rather than the avoidance of death? In the real world these questions tend to get mixed up. For example, although some £10m a year is allocated to road safety measures in the UK, other criteria have much greater weight when new road schemes are being considered.

In practice, the price of life varies according to the method of risk assessment.

Judith Hanna, of the pressure group Transport 2000, says that in the cost benefit analysis time saved by motorists outweighs all other considerations including safety.

The argument can be inverted by looking at the cost which society actually bears when someone dies on the roads. The Environmental Risk Assessment Unit, at the University of East Anglia, puts the total at about £264,000, of which the largest components are £135,000 for lost output and an allowance of £124,000 for pain, grief and suffering. By contrast, police and medical costs are only about £1,300 and damage to property an average of £1,750.

In Britain, the sums which the corporate sector is prepared to spend on "saving" a life appear to be the investment required to meet statutory safety standards, plus the price a company puts on the cost to it in terms of loss of image, reputation and business if life is lost.

Certainly accidents like Piper Alpha and Kings Cross, as well as Bhopal, have concentrated corporate and governmental

Continued on Page X

### The Long View

## The pensions cap that doesn't fit



**Just as the Government initiates moves to protect occupational pensions against 5 per cent inflation, price rises have begun a sharp acceleration**

The authorities are getting into a thorough muddle by interfering in the corporate part of the pensions scene, but not in the same way in personal plans. The intention appears to be to

require employers to pay partly protected pensions. That seems reasonable enough taken in isolation. But there is no corresponding requirement for personal pensions to be paid out on a similar LPI basis. And it is not at all clear what will happen to pension purchase pensions — that is, company pensions which depend (in exactly the same way as personal pensions do) on how much the investments have grown to rather than on a final salary linkage.

In practice nearly all pensioners who have a choice take the flat pension. If they live for more than a few years they may regret the decision, but most old people are inclined to enjoy the money while they can. To buy a flat pension in an inflationary era is in effect to choose front end loading.

It is possible for a personal pension plan holder to buy a more or less inflation-proofed pension, but a man aged 65 will be more than 40 per cent worse off in year one. If inflation is 10 per cent he will be in profit after six years, but on normal life expectancy assumptions he will live only another eight years to offset his earlier losses. If inflation is under 4 per cent he will never reach the flat pension level.

Putting it another way, it is valuable to the economy at large that the income of pensioners can be reduced through inflation. If we could not squeeze the OAPs, we would have to impoverish some other, less vulnerable, group. And that would be more expensive and painful still.

have borrowed to buy houses, or their pension schemes have invested in equities. They have also put money into short-term building society accounts, which might appear vulnerable to inflation, but in practice interest rates have risen so as broadly to compensate, at least in the 1980s. What people have not done recently is invest in long-term fixed income bonds, which are uniquely vulnerable to inflation.

Until retirement, that is. Even after retirement, members of many company schemes remain within the inflation-protected environment, albeit on an insecure basis (that is, at the company's discretion). But many people are pitched out, via the annuity requirement, into the bond market — and all largely for the convenience of the Inland Revenue.

The solution to many of these problems is inflation-proofing, but it is usually regarded as too expensive for company schemes, and also too painful for the pensioners themselves in that they might have to accept a cut in immediate income.

Putting it another way, it is valuable to the economy at large that the income of pensioners can be reduced through inflation. If we could not squeeze the OAPs, we would have to impoverish some other, less vulnerable, group. And that would be more expensive and painful still.

## A word in your ear.

"Overseas it is worth looking at international bond funds, which again have taken a pasting recently, but which will turn up before the equity markets and meantime offer a hedge against further sterling weakness."

— Barry Riley,

*Financial Times, 24th March 1990*

Please note that the Guinness Flight Global Strategy Fund has one of the widest ranges of international bond funds currently available.

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## MARKETS

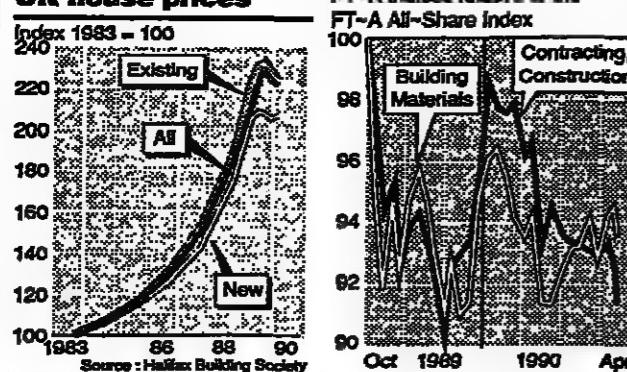
## FINANCE &amp; THE FAMILY: THIS WEEK

**The poll tax and you**

Alice Thomson and Prudence Jeffreys put the community charge under the microscope. Page III

**Minding Your Own Business**

Ian Hamilton Fazey meets a successful entrepreneur in an unlikely business: an up-market sandwich shop. Plus how one woman made good through sheer hard work. Page VI

**UK house prices****South suffers most in housing gloom**

House prices have fallen by 10 to 20 per cent in the south of England in the last year, according to the Halifax Building Society. Although the Halifax believes it is too early to say whether the housing market has reached rock bottom, it expects house prices to remain depressed in 1990 given that mortgage rates seem likely to stay at their current high levels for some months. However, it predicts a recovery in the housing market in 1991. The annual rate of house price inflation in the UK fell to zero in March, compared with a rate of 34 per cent at the end of 1988. House prices are falling steadily in the Midlands while in Scotland they are either flat or rising slightly, according to the Halifax. However, the combination of higher earnings and a stagnating property market means that housing is becoming "more affordable," the Halifax says. The ratio of house prices to average earnings has fallen from a peak of 6 to 4.6, and as earnings are forecast to grow by 9 to 10 per cent a year, the ratio should fall even further to about 4 in 1991. In theory this would enable more would-be home-buyers to enter the market, and the Halifax says, help set the scene for a recovery in house prices. The annual rate of house price inflation for first-time buyers fell to 5.2 per cent in March, although demand from this section of the market remains strong, helped partly by the special mortgage packages on offer. The fall in prices in the south of England means that some of the regional differences across the country are being whittled away. For example, house prices are 1.8 per cent more in London than in Yorkshire now, whereas in the summer of 1988 they were 2.6 times more. Sara Webb

**Building sector in focus**

The building sectors of the London stock market came under close scrutiny this week following a flood of important company trading reports. Analysts were watching carefully to measure the impact of high interest rates and the slump in the UK building industry. RMC, the world's biggest producer of ready-mixed concrete, posted pre-tax profits up 20 per cent and a dividend total increased by 24 per cent, but warned of the dangers to the domestic construction industry of high interest rates and inflation. Ibstock Johnsons, the brickmaker, produced virtually static profits. Many of the leading building contractors reported during the week. Taylor Woodrow's preliminary profits were 13 per cent higher, and Higgs & Hill's profits were in line with the forecasts made at the time of the unsuccessful bid from Y.L. Levitt. Costain's profits slumped from £25.2m to £25m after the group wrote down by £20m the value of its land bank. Amec, in a similar move, made a £10m provision to allow for the reduction in value of its land bank. Stephen Thompson

**Home sale costs rise**

The cost of selling a home in England and Wales has risen in the last year as hard-pressed estate agents have jacked up their commissions to compensate for the slump in business. The Woolwich Building Society in its annual "Cost of Moving" survey says that estate agents' fees now represent on average 2.5 per cent of the property's selling price, compared with 1.9 per cent last year. The average cost of selling a £100,000 property is £2,871, or £278 more than in 1989. Estate agents, particularly those in the south of England with plenty of properties on their books, have been forced to increase their marketing efforts, and this has contributed to their rise in costs. By contrast, home-buyers now face marginally slightly bills when it comes to buying a property: the average cost of buying a £100,000 house has fallen by £40 to £1,855. This is because solicitors have become more willing to negotiate on fees and because removal firms have lowered their costs this year.

The Woolwich suggests that one reason why solicitors are more willing to negotiate fees, both for buying and selling, is because they expect to face tougher competition once banks and building societies start to offer conveyancing services. The survey found that takes on average four months to move house from the day the offer is made. S W

**Private bank is relaunched**

Standard Property Investment, the Edinburgh-based private bank, is re-launching itself under the name of Caledonian Bank with the aim of developing its services more aggressively throughout the UK. Acquired two years ago by MacDonald Orr, in which the Bank of Scotland has a minority interest, Caledonian Bank pioneered the high interest cheque account idea more than 100 years ago. The account currently offers an interest rate of 14.5 per cent gross (11.35 per cent net), requires no minimum balance and provides penalty-free access. Terry Dodsworth

## LONDON

# Footsie winds down for holiday weekend

AFTER several weeks playing British bulldogs, the uneasy to-ing and fro-ing of the market gave way to a more sedate Easter game of grandmother's footsteps this week.

Trading was slow, so slow that investors may be surprised to learn this weekend that while they had their backs turned, the FT-SE 100 index crept down to its lowest point this year on Wednesday - 2,215.5. It rallied in Thursday's trading to finish the shortened week just one point higher at 2,200.

The small-like decline offers few new clues about the short-term future for equities. The pressures keeping Footsie within a narrow trading range - nearer to 2,200 than 2,300 - are still the same: the bear points of inflation and interest rates versus the bull points of yield and institutional liquidity.

Dealers roused themselves on Tuesday, for example, in

time to forestall any drop through the 2,200 mark, when Footsie was down 20 points at one stage at 2,208. And on Thursday Footsie actually strengthened from the year's low - rising 6.6 points in trading so thin you could count its

feet. The longer term, however, the prospect of a drop in interest rates is receding, and with it the credibility of some analysts' Footsie forecasts, which originally put the index at 2,500 or 2,600 by the end of the

year.

On Thursday, as the Queen gave away Maundy Money, Her Majesty's statisticians were munificient with economic figures, releasing more evidence that inflation refuses to be reined in by higher interest rates. The principal measure, the retail price index for March, was up 5.1 per cent on the previous year, a shade higher than observers had expected, and 0.8 points above

the February figures. Average earnings rose 3.5 per cent in the year to February and unemployment fell a provisional 6,500 last month.

Those figures were roughly in line with expectations and added to Monday's announcement of a rise in factory-gate prices for March which was the greatest for five years. But the market's indecision, albeit in a week cut short by the holiday, is still slightly puzzling. After all, stripping out the rise in mortgage interest rates, inflation is at its highest for the last seven years and wage negotiations are also casting a shadow over equities.

It could be that investors have moved above their desks the black picture painted by the Treasury of inflation reaching 9 per cent by early summer, boosted by higher output prices and the poll tax. Until that happens anything lighter will look like good news, but the still delicate

poised.

Good news is a commodity in short supply in the UK's construction and retail sectors, as the week's corporate results proved. Next, the retail and mail order group, exceeded analysts' worst fears, reaping the gains of ill-judged expansion in the late 1980s, with a 1989 loss of £45.7m before tax. In a smaller niche, the knot tightened on Tie Rack - its profits were dragged down 44 per cent last year by US and UK difficulties. Fans of the retail sector may do better to stick to feeders rather than clothes: Tesco pleased the City on Wednesday with a 31 per cent rise in profits to £32m in 1989-90.

Investors in Britain's house-builders must be wondering if their companies have built anything in the past year other than concrete boots for their shares. High mortgage interest rates may not be restraining retail prices and wage demands, but they are certainly punishing builders, particularly those which combine exposure to the UK market with high borrowings.

Although not exposed to private-sector housebuilding, Rush & Tompkins, the commercial developer and contractor, was forced to suspend its share price on Monday after City concern about its financial position at one stage wiped nearly three-quarters of the group's share price. The shares are now frozen at 60p, com-

Brothers scored a triumph over its struggling Wall Street competitors and those analysts who fretted over its reliance on crude oil trading and refining by announcing that it would report a pre-tax profit of at least \$200m in the first quarter from its securities business and only a modest profit from its Phibre Energy crude business. Salomon has proved that its earnings are impossible to predict.

Of course, it is Salomon Brothers which had the foresight to issue three series of long-term put warrants on the Nikkei 225 in January just in time to profit from the collapse of the Japanese stock market.

More recently, Salomon issued its first call warrants on the Nikkei. Late last week, both puts and calls were trading actively, which means that Salomon Brothers makes money whichever way the Tokyo market turns.

Japan may be the next source of compounded expectations in the US equity market. The conventional wisdom after the Group of Seven meeting was that Japan was isolated, that intervention was useless and that the yen would continue to fall. When a consensus is that strong, you have to be suspicious that exactly the opposite will happen. A consensus currency market is fertile ground for central bankers.

But excitement about ML last October did not go on with shareholders. Only 28 per cent of the rights issue was taken up. The shares, suspended at 1270 last November, had this month drifted down to 22p, their lowest point in the last 12 months.

Elsewhere, the electronics sector of the USA, to which Acorn Computer lent a notoriety after its dramatic rise and fall in the early 1980s, continues to prove highly accident-prone.

Just last year Synapse Computer Services was talking about its hopes of obtaining a full listing. But it had announced that it had identified a compound which might block the entry of HIV (human immunodeficiency virus) into human cells. It said that the compound had a potency which was "of a significantly greater magnitude than any blocking agent currently known."

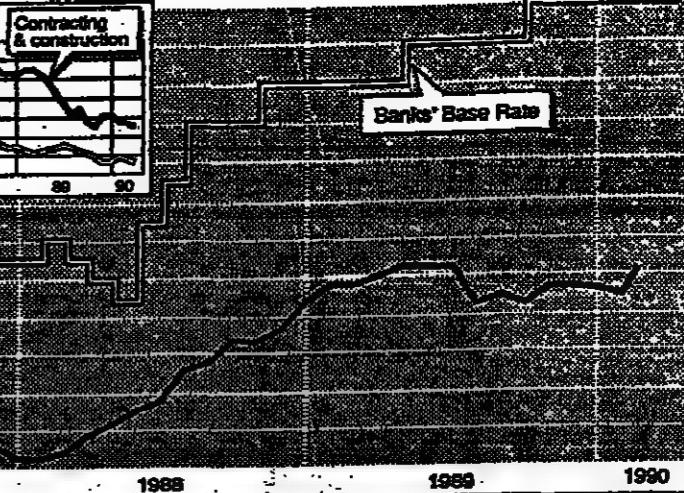
Pharmaceutical analysts judged the discovery as an interesting lead. But they emphasised that ML is still a very long way from producing a substance that could form a candidate to be approved as an AIDS drug.

ML has now to start tests on animals to screen for any toxic effects. If it cleared this hurdle, clinical trials on AIDS sufferers could begin. But its compound has currently only reached the stage attained in the past by a number of chemicals found to be active against the HIV virus in test-tube studies but subsequently proving impossible to take beyond this stage.

Nevertheless, dealers marked the shares up by about 30p to about 330p. Investors, who in the past year alone have seen the shares hit a heady high of 520p and a low of 280p, will be holding their breath for developments.

The market fortunes of Medeva, a company that used to be in ML Laboratories' peer group on the Third Market before making an ambitious leap up to the official list via a big acquisition, are currently in the doldrums.

David Owen



The £20m write-off helped push Costain's profits down from £25.2m to £23m in 1989. It has also prompted some analysts to ask why other construction groups with large UK land banks have not made similar provisions.

On the same day, Mowlem revealed a 63 per cent fall in profits for 1989, after providing £33m against the loss-making London City Airport, which it operates. Mowlem's house-building profits more than halved during the year.

The litany of despair was clear. Larger construction and building-related companies took shelter behind the geographical and operational spread of their businesses and several announced increases in profits, but variations played on the theme of UK housing were irredeemably gloomy.

RMC Group, the cement producer, said UK operating profits dropped in the second half of 1989; Walter Lawrence, a housebuilder, contractor and builders' merchant announced a fall in profits and a £3.5m provision against the effect of lower UK house prices; Taylor Woodrow revealed UK housebuilding had lost £14m; Ibstock Johnsons, the brick producer, warned of a downturn this year and profits slumped at Erith, a small distributor of building materials.

The worst may not be over for the sector. Both Costain Group and Amec announced substantial provisions to cover the fall in value of their UK housing land on Wednesday.

Andrew Hill

## JUNIOR MARKETS

# Drama for the one-hit wonders

THERE MAY BE plenty of arguments against buying shares quoted on the junior market, but they certainly don't dull investments.

Violent changes in their fortunes, accompanied by equally wild movements in their share prices, can bring a quality of high drama to the story of many small companies.

The turbulence is perhaps never greater than in the scientific and medical research sector of the junior market. Since most of the companies come to the market to raise funds for a single invention or breakthrough, any news on their progress can drive their share price sharply up or down.

Take, for instance, the story of ML Laboratories. This company floated on the Third Market in 1987 to work on a glucose polymer with a potential use as an oestrogen agent for patients suffering from kidney failure, the development of which is still continuing.

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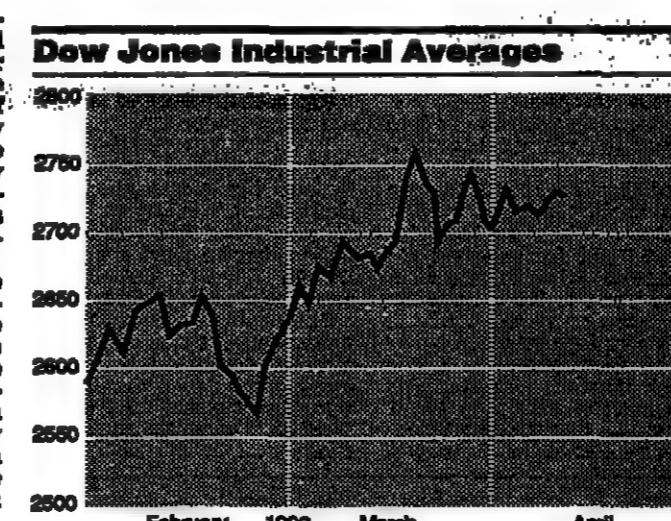
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The company was known as

Clare Pearson

## Dow Jones Industrial Averages



sell sectors of stocks without looking at each individual corporate story.

Take the banking sector, for example. Amid all the talk of regulatory sit-ins and an incipient credit crunch, Chemical Bank came out with a 22.7 per cent rise in earnings in its first quarter, partly because of a decline in the level of its problem loans. In a delicious comment on regional cycles, another reason cited was a ridiculous stringency about loaning.

Reports of the meeting suggest that, far from providing reassurance, the meetings exacerbated concern that banking regulators are being ridiculously stringent about loan quality.

Nevertheless, it was difficult to see why J.P. Morgan, the blue chip, ultra-conservative bank should suffer so much as the Bank of New England, whose chronic real estate problems are well known.

The earnings reports and estimates which have already trickled in show that it is almost impossible to buy and

healthy results, Marriot reported a 26.3 per cent gain in earnings in the quarter, reflecting the continuing problem of over-capacity in the lodging industry.

Another group which has already produced more than its fair share of "pleasant surprises" is the technology sector. Computer and semiconductor stocks defied all the gloomy predictions last week and produced a nice rally.

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rebound in the Nikkei 225 is exactly what the US market should fear the most.

The likelihood that bidding for franchises will not be as intense as previously forecast has prompted some observers to raise doubts about the diversification policies pursued by the likes of HTV and TBS Entertainment, which were intended to lessen the impact of the possible loss of their franchise.

HTV this week reported that

MTM, the US television company it acquired for more than £100m in July 1988, incurred a £3.1m loss for the 14 months to end-1989. Pre

## FINANCE &amp; THE FAMILY



## Fresh test for trusts

**THE ACCEPTED** wisdom is that the best way to compare unit trust is on their performance over a number of years.

Performance over a number of years can be biased by a sparkling result in just one of the years, while during the remaining period the fund is an average or even a poor performer. Unit trust groups then simply pick the best period to use for comparison purposes.

Quite often, especially with life company unit trusts, a fund is a "high flyer" during the first year, perhaps because of some careful "massaging" to get it off the ground or by taking a high risk strategy that proves successful, and a "dog" thereafter, when unsuspecting investors are attracted in by the fund's apparently good "longer term" record.

So Peter Hargreaves, director of the Bristol-based financial intermediaries, Hargreaves Lansdown, decided to adopt a new approach in assessing the performance of unit trusts. His survey ignored cumulative results and instead concentrated on finding out which were the best performing funds on an individual year basis over a specified period of time,

between three and five years.

The idea was to spotlight the groups whose funds were in the top quartile (top 25 per cent) on a regular annual basis rather than the whole period.

The results showed unit trust groups in a somewhat different light. Some of the well-known quality names like Fidelity, Franklin, M&G, and Prolific were there. So were NM, Schroder and Thornton in the Far East. But rather than a surprise was that MIM Britannia and Allied Dunbar topped the UK General funds sector and the Bishopsgate group dominated the international growth sector. Significantly M&G funds did not feature in the international sectors at all, while Fidelity managed top performing European, American and UK funds.

However top performing funds such as M&G Midland and General, Prolific Special Situations, Key Income, and Whittingdale Short Dated Gilts Growth failed to make the grade in only one of the five years but were still excluded. In the Japanese sector, NM Japanese and Schroder Japan smaller companies funds both failed to qualify in two years in spite of being top performers

over the five year period.

Hargreaves said the survey confirmed that investment houses and unit trust groups tended to perform better than the life assurance company funds, and that the ability to attract new money was an important factor. He noted that growing funds, whether they were small, large, new or old, were at an advantage over those suffering from a surplus of repurchases. Managers in a declining fund had first to sell stocks to pay the repurchases and sell even more if they wanted to invest in new stocks.

It is, he argues, a far more difficult decision in investment management to decide what to sell rather than what to buy. The performance of funds with a constant flow of money coming in also benefited from never having to switch to a "hot" (sale) buying mode. A full switch from one to the other could reduce annual performance by 10 per cent. Confirmation that growing funds tend to outperform shrinking funds, regardless of size, adds value to the theory of investing in new funds, which are by definition also growing funds.

John Edwards

## Fidelity gives its Peps an international slant

**FIDELITY** has changed its personal equity plans (Peps) for the current fiscal year to take advantage of the changes introduced in the Budget.

It proposes to launch, probably on July 1, a specially designed International Pep unit trust, which will have 50 per cent of its holdings outside the UK. This complies with the concession in the Budget that permitted a larger "foreign" element in Peps than was originally planned.

The new fund will form part of the International portfolio, one of three alternatives being offered by Fidelity to Pep investors. Up to £2,000 can be put into the new International unit trust, while the remaining £3,000 up to the maximum of £6,000 will be invested in capital growth shares picked by Fidelity.

Fidelity is also offering an income portfolio, paying quarterly dividends, where the first £3,000 goes into its Income Plus Trust and the rest into high yielding stocks. Alternatively there is a Growth Portfolio

with the first £3,000 in the Special Situations trust and the rest into growth stocks.

The minimum investment in any of the three portfolios has been reduced to a lump sum of £1,500, but there is still no regular savings scheme. Charges are unchanged at 3.25 per cent initially, plus 1.6 per cent annual management fee.

You can choose between lump sum investments or regular savings of between £50 to £500 a month.

However the plans do not come cheap. Charges, unchanged from last year, include a £50 opening charge, a 3 per cent initial dealing charge plus a 0.25 per cent administration charge and a 1.25 per cent annual management fee.

Meantime, a survey by Best Pep Advice, which publishes a regular analysis of Peps, the total invested in Peps during the year to April 1990 jumped to nearly £1.5bn, nearly double the amount invested in the 1989 calendar year.

For the biggest sales were achieved by MIM Britannia with over £1.9bn, followed by Lloyds (£1.28bn), Midland (£1.05bn), M&G (£1.00bn), Henderson (£250m), Save & Prosper (£275m), Fidelity (£55m), Barclayshare (£45m), Allied Dunbar (£41m) and Marks & Spencer (£40m).

Provisional estimate of the number of individual Pep taken out is 350,400 (an average of around 23,500 per plan).

A new company called First Charter Investment Management has taken over all the Pep funds from the troubled Dominion group. First Charter has been formed by the former management of Dominion Investment Trust together with Ensign Trust, the big investment trust group.

J.E.

## Chief of trust body to retire

**TONY SMITH**, chief executive of the Unit Trust Association (UTA) for the past decade, said this week that he is planning to retire by the end of next year when he reaches the age of 63.

During his time at the UTA, Smith has seen a boom in the industry. Over 2m people invest in unit trusts today.

"When I started it was a cottage industry. Now we have 2500 under management. There have been dramatic and quite exciting changes," he says.

Smith has spent much of his time campaigning on behalf of the unit trust industry, lobbying regulators, the Revenue, and parliament as well as briefing the media. But he expects the new chief executive, who has not yet been appointed, to take on the role of spokesman for the UTA, a task which he has shared with the chairman, John Fairhurst, over the last year. The UTA says it is looking for a chief executive with "experience of running a business and a professional qualification."

Smith himself came from outside the industry. He spent 32 years in the army though he says this does not mean he was "financially unaware." When he joined the UTA he confesses he had invested in shares and unit-linked insurance, but not in unit trusts themselves. Now of course he is a keen investor in unit trusts; at least he puts his money where his mouth is.

Sara Webb

## National Trust launches Visa card

**MIDLAND BANK** has launched an affinity Visa card in association with the National Trust. Midland will make a 55 contribution to the National Trust when you first use your National Trust Card, and a donation of 5p each time you use the card thereafter - at no cost to the cardholder. The APR is 26.8 per cent. Midland is also launching a National Trust Premier Savings Account, paying net interest of 11 per cent. The minimum investment is £5,000.

S.W.

Alice Thomson looks at the task facing local councils in collecting the community charge

## Poll tax tests community spirit

AFTER TWO years of debate, argument and riots, poll tax demands are coming through the letter boxes of English and Welsh homes and, in the next few weeks, councils will begin the task of collecting the new tax.

But, in spite of the media coverage and political wrangling, many people still appear confused. In 20 areas, for example, poll tax charges have been capped at a lower figure than the council decided to charge, so which figure should the citizen pay? What happens to anyone who thinks they have been charged wrongly and decides to withhold payment? And there is still confusion over what constitutes a second home.

The basic principle is straightforward: all adults in England, Scotland and Wales must pay a charge unless they can show that they are exempt.

Yet several councils admit that collecting rebates may be complicated and difficult. Thirty-four million people will have to make some contribution to the poll tax and of these a quarter will be eligible for rebate. Squatters, students, single parents and the unemployed, who are facing the steepest increase, are expected by officials to include a high proportion of those who do not pay, because they are hard pressed to find the cash.

In some areas, such as the London boroughs of Hackney and Islington, this is compounded by the activities of political groups inciting people to refuse payment. In Islington alone, 40,000 leaflets were put through people's doors urging them not to pay the charge.

Even in Conservative areas, where, as in the mid-Staffordshire election showed, many oppose the tax, councils fear that they will have difficulties collecting. Four

out of five voters oppose the community charge, according to the latest Mori poll.

Those professional families which gain financially from the introduction of the poll tax may yet query its fairness and the confusion that surrounds it, perhaps to the extent of becoming "conscientious objectors." They may also see grounds for complaint about the charges on second homes. Councils will have different policies on second homes, but most people with two properties will be expected to pay twice the community charge for the area on their second property. Even a beach hut previously exempt from rates, may have to be paid for through a community charge.

Capping has become another contentious issue among the middle classes. Constituents of the 20 capped Labour councils may be unsure whether to pay their community charge now, pay the capped amount or wait to see how much the capped charge will be and whether councils successfully dispute capping.

After Chris Patten, the Environment Secretary, announced a week ago that he was considering the imposition of a universal capping to salvage the community charge, the issue is likely to continue to cause confusion for some time.

So far, the Government has preferred to avoid the question of what will happen to people who refuse to pay, although councils have been given sweeping powers to deal with non-payers under the Local Government Finance Act.

Refusal to pay is seen as a civil rather than a criminal matter; however, persistent refuseniks could eventually face a maximum three-month prison sentence.

The first step for an objector would be to refuse to give information to a registration officer. A registration officer can request information from any individual and can also ask to inspect records.

held by people or organisations responsible for collective community charge (for example in hostels). If the information is withheld the council can impose a fine of £100.

Once the council has found out the personal details of a constituent and sent a charge, the next step refuseniks can take is to refuse to pay one of the 10 instalment bills they will be sent per year.

If someone refuses to pay, the route to jail is a long set of dice throws. If the amount is not paid after seven days the authority will send a letter. The non-payer is then liable to pay the whole amount of the year's poll tax in one instalment. On getting no response, the authorities will obtain a liability order from the magistrate's court and the non-payer will then receive a summons to attend court.

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money from the wages of workers may himself face a fine. A compliant employer can levy an extra £1 for administrative expenses for every time a deduction is made from the wage packet.

If wage deduction is not feasible the authority can send in the bailiffs to seize goods up to the value of the debt. If the person is on social security benefit and there is nothing of value in the house, £1.75 can be deducted from their benefit a week.

Imprisonment is therefore only a last resort. The only way a person can be sent to prison other than for contempt of court is if the magistrates decide that that the non-payment was due to wilful refusal or culpable neglect.

Poll tax rebels who go to jail will be worse off than murderers in one respect: they will still be liable for poll tax when they are inside. Some Conservative councils also treat a prisoner's empty home as a second home and levy a standard charge (up to twice the individual's charge) on it, so the bill could treble.

In Scotland, where the community charge has been in operation for a year, 20 per cent of the population have refused to pay the community charge; 400,000 have been sent legal warrants.

Debt losses in Scotland are already acknowledged to be six times higher than under the old rating system. Even without non-payment, the community charge will cost a lot more than the rates. Price Waterhouse, the accountancy firm, estimates the national cost will be £375m to £475m per annum compared with around £200m a year to collect rates. If a sufficient number of people become refuseniks the community charge will cause grave financial embarrassment to even the most compliant local authority.

## Double headache for second homes

WHILE MOST of the objections to the Community Charge are based on the fact that it is a head tax, those with second homes may have to pay a standard charge which is largely, a property tax.

Legislation states that where a domestic property is not used as a sole or main residence, and this often means when it is a second home, a standard charge may be paid by applying one of a choice of five multipliers - either nought, one, one and a half, or two - to the personal community charge of the area.

At the moment, the local authority has the power to fix the multipliers for the area, and how much they charge depends on the state or class of the property. There are certain classes which do not vary from one authority to another. Unfurnished property, for example, is supposed to be exempt from a standard charge (ie a multiplier of nought) for the first three months, after

which the multiplier is set at the discretion of the authority.

But the authority can create any number of classes, depending on factors which are important to their area, and charge a multiplier accordingly. In doing this, they might, for example, consider the use to which the property is put or how frequently it is occupied. Classes must be created in advance of a financial year and cannot be changed during the year.

A couple with a flat in Islington and a cottage in Henley, for instance, might together be liable for a total poll tax bill of £1,386.54; £498 each for Islington and £470.27, the personal charge for Henley, times two, the multipliers for many properties in the area. But there is concern at the Department of the Environment that local authorities are not making enough use of the discretion they have been given to set lower levels

of Standard Community Charge in cases of need.

David Hunt, Local Government Minister, advised local authorities on when they should consider setting lower levels. One of these occasions is when the property has become vacant because of the death of the owner, in which case no standard charge should be payable on the property until at least three months after probate or letters of administration have been obtained. He gave local authorities the discretion to extend these periods for as long as they wish.

Mr Hunt is concerned that local authorities are not extending these periods, and are charging unnecessarily high multipliers. This is being monitored over the next few months to see if changes are needed.

Prudence Jeffreys

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THE INVESTMENT HOUSE

## FINANCE &amp; THE FAMILY

## Government fixed interest stocks are falling out of fashion. Sara Webb finds out why Gilt - do you really need them?

A GENERATION of small investors has been brought up on the following golden rule: keep 20-30 per cent of your portfolio in gilts (government fixed interest stock). Traditionally gilts have offered security in a portfolio, guaranteed as they are by the government.

However, this maxim has gone out of fashion. Ask an investment manager today what you should do about gilts and he or she gives the following reply: put that 20-30 per cent of your portfolio in cash - in other words a high interest bank/building society deposit or money market fund - instead.

At present, you will receive a higher return - and 3% cash security - from a bank/building society deposit or money market fund than from gilts, although it is possible that the situation could change within the next year. Furthermore, cash funds should give you more flexibility: if the stock market suddenly falls and you see a good buying opportunity, you can quickly move money out of an interest bearing account, whereas it might not be such a good moment to sell your gilts.

The problem with gilts is that

unless you sell at the right time, or hold them to the redemption date, you can suffer a loss of capital, which could be serious.

They may be government-backed but that is no protection against a drop in the capital value. "Gilts are not a good idea at the moment with interest rates so high," says Diana Leary, portfolio manager with National Investment Group (NIG). "People who want security and high income are better off with a deposit."

Mark Powell, chief executive of Lawrence Keen adds: "Things have changed. Twenty years ago, it was proposed to put a meaningful proportion of clients' funds into gilts. They approach has gone out of fashion, partly because the benefits are not as good as they were before: deposits give interest of 14 per cent, while gilts pay about 3 per cent less. So we would advise putting 20-30 per cent in cash, for example in the Cartmore money fund, and not in gilts."

Bill Mott, investment director at Credit Suisse Buckmaster & Moore, is cautious about gilts at present. "Gilts are more expensively priced than they should be. Since Thatcher came to power, interest rates have been above

inflation, giving a real return on deposits."

The other disadvantage with government fixed interest stock is that "you are not going to get income and capital growth to keep pace with inflation" points out David Sutherland of Scottish Amicable, although to be fair, in the case of bank and building society deposits there is no capital growth either.

If you want capital growth, there is ample historical evidence to show that the stock market will outperform gilts and deposits over a long period. "Gilts just lose you money as a private investor, especially if you really want to see growth long term," says Michael Lenhoff of Capel-Cure Myers.

"As far as the allocation of a portfolio goes, it has always been in the private investor's best interest to be overweight in the equity market," he adds. "The economic background would have to be quite adverse to make us shift out of equities and into the fixed interest market, even though the economic - and particularly the political - climate in the UK is depressed right now."

CCM suggests a private client portfolio consisting of cash 15 per cent, bonds 5 per cent, equities 80 per cent (UK 42.5 per cent, Europe 15 per cent, North America 10 per cent, Japan 7.5 per cent, and emerging markets 5 per cent).

Mott believes the London stock market is "undervalued in the long-term, so long-term investors should be happy to buy the market now. In the short term, the domestic economic and political situation looks uncertain." His advice to the long-term investor is to put funds which he will not need to raid (for a new car or washing machine) into equities and put the surplus "cushion" money into cash, for example a TESSA (tax exempt special savings account) when these are introduced next year.

However, in spite of the disparaging comments of these investment advisers, do not write off gilts from now on - they could find favour again in the private investor's portfolio. The time to make gains out of gilts is when interest rates look as though they are coming down again.

David Rosier, chairman of private client business at Mercury Asset Management, says: "Just after the Budget, yields on medium term gilts which

mature in the year 2,000 went to 12.9 per cent. If you could lock into a fixed interest rate of 13 per cent for 10 years, it would look like an attractive investment. My feeling is that the gilt-edged market is more of a 'buy' than a 'sell'. Don't sell if you already have gilts because if interest rates come down you stand to make a capital gain. If you sell the yield comes back to 13 per cent, gilts could be a very sensible long-term investment for someone who also needs income."

The time to buy gilts could come fairly soon. Richard Mackart, sales and investment director at Ivory & Sime, says that the time has not yet arrived to buy gilts as short-term interest rates are high at around 15 per cent. However, he believes that towards the end of the year there should be an opportunity to lock into yields of 12 per cent.

The only excuse to go into gilts now is if you want a guaranteed income to live off," says Mackart: "But it is far better to wait until there is no fear that short-term rates will rise again. Our house view is sit in cash and equities, the latter split 50 per cent UK and 50 per cent overseas."

## A 'no-lose' investment

AN INVESTMENT that guarantees you a profit, not only when the equity market rises but also when it falls, was launched this week.

This latest development in guaranteed equity funds - the Royal Skandia Guaranteed Performance Bond - comes from Royal Skandia Life Assurance, the offshore Isle of Man based life company jointly owned by Royal Trust Asset Management and the Skandia Group.

Like all guaranteed equity funds, the bond has a fixed term, which starts on July 17 1990 and matures two years later on July 17 1992. There are no initial or management charges, so the return is based on the actual amount invested. The bond guarantees investors their money back plus 75 per cent of the percentage movement in the FT-SE 100 (Footsie) Index over the period, even if the index has fallen.

Assume you invest £10,000 when the Index is, say, 2,300. Two years later the index has risen by 100 per cent to 4,800. You would get 75 per cent of the increase and receive £17,500 (your original £10,000 plus £7,500). Alternatively, if in

two years the index fell by 10 per cent to 2,070, you would receive £10,750 (£10,000 plus £750 representing 75 per cent of the 10 per cent fall).

For investors who invest in the bond by May 31, the guaranteed percentage return is lifted from 75 to 80 per cent.

Royal Skandia claims it is risk free and its promotional literature carries the message "Heads You Win, Tails You Win". Assuming tails represents a bear market, this is true. But in a bull market, the message is open to interpretation. While you will make money from this bond in a bull market, you could expect to make a lot more from a simple investment in a UK general equity fund. And the example quoted only apply if the investor is a non-taxpayer.

Royal Trust and Skandia have launched this product through their jointly owned offshore life company, rather than on-shore, because it avoids tax complications for them. However, in return it poses tax complications for UK investors. So investors need to

Eric Short

SIR GORDON BORRIS, director general of the Office of Fair Trading, this week attacked the rules governing the disclosure of commission paid to financial advisers on the sale of insurance and pension policies. In a report to the Secretary of State for Trade and Industry, he said the rules drawn up by the Securities and Investments Board on disclosure of commission, and the expenses charged by life companies, were "likely to restrict competition and distort competition to a significant extent".

This compares unfavourably with the tax treatment of ordinary life assurance bonds and even more so with unit trusts as far as the UK investor is concerned. Because the term of the bond is fixed, the investor has no facility to time the cash-in to minimise the tax liability.

The underlying investments backing the bond are a package of derivatives, including a combination of zero coupon bonds, a put option and a call option in the FT-SE 100 index. This means the terms are fixed for a pre-determined time. No surrender is allowed in the first year, and the surrender value in the second year would be determined by the company's actuary.

Like all guaranteed equity funds, this offer is limited to £10m on a first come, first serve basis. The minimum individual investment is £2,500.

Eric Short

Under the new rules on disclosure of commission, introduced a year ago, when you buy a life assurance or pension contract from an independent financial adviser you should receive after the sale (together with the "cooling off" notice) a statement from the life company setting out the amount of commission received by the adviser. However, the statement only discloses the commission as a percentage of the premiums you pay. So to find out what the adviser receives in cash terms you either have to perform a calculation or ask the adviser to disclose this information.

Sir Gordon Boris, in a statutory review, argues that getting the information after the sale in a form that does not immediately make clear the level of commission received by the adviser does not enable the buyer to differentiate between advisers and life companies. He wants full commission disclosure in cash terms by the adviser at the time of the sale. This, he claims, will enable you to query the amount, to demand a full explanation from the adviser and ultimately to bargain for better benefit by getting the adviser to rebate part of the commission to you.

One flaw in this argument is that it does not take into

account comparisons with other investment products. Knowing the amount of commission in advance might put some off buying life assurance or pensions in favour of building society deposits, to their ultimate disadvantage.

Nevertheless, since investors already have the legal right to require the adviser to disclose the amount of commission on a product being recommended in cash terms, there seems little reason why such disclosure should not be automatic.

Sir Gordon's views on the disclosure by life companies of their expenses are more contentious. SIB has ruled that, from July 1, when you buy a life insurance product the life company will have to tell you after the sale the amount of expenses charged against that contract in the form of a percentage reduction in the premium and the premium payment.

Life companies claim that showing expenses as a reduction in yield enables a comparison not only between life company contracts, but between other investment products and savings contracts. Nevertheless, it is a straightforward calculation to convert a reduction in yield into a cash reduction on the ultimate pay-out benefit. So life companies could show both the yield reduction and the effect on pay-out value.

Everything now depends on Michael Kirby, the Trade and Industry Secretary, either accepting or rejecting Sir Gordon's report. If he accepts it, then SIB will have to go back to the drawing board on disclosure proposals.

Report on the Disclosure of Information about Life Assurance Products and Commissions paid to Independent Financial Advisers and Report on Regulatory Costs and the Availability of Independent Financial Advice, both available free from the Office of Fair Trading, Room 612, Chancery House, Chancery Lane, London WC2A 1PR.

Unfortunately, life compa-

nies do not have one global figure for expenses applicable to all contracts. Expenses vary between contracts and life company actuaries will be producing a matrix of expenses deductions covering a variety of factors - including the type and term of the contract and the premium payment.

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## Term assurance cost to fall

THE COST of term assurance contracts is coming down, two years after life companies made drastic increases in these rates because of the perceived risk of Aids.

Last week, General Accident Life, a leading player in the market, made significant cuts in its premium rates, which other leading companies could soon follow.

Term assurances are protection-only life contracts where the life company pays out the sum assured should the person assured die within a specified period.

Until recently, term assurances were a highly specialised market with only a few specialist advisers arranging cover and only a few life companies offering competitive rates.

However, the dull house mortgage market has forced life assurance sales staff to turn their attention to selling products other than endowment mortgage policies. More independent financial advisers have been actively marketing term assurance contracts, in particular "Keyman" insurance

proposals for very substantial amounts of cover - £500,000 is not uncommon. At this level of cover, the person whose life is insured would automatically undergo a full medical examination including a blood test. The life company can thus minimise the Aids risk on large contracts through underwriting in a manner not possible with mass marketing of, say, endowment mortgages.

Second, the much larger cover amounts and the increasing number of proposals being submitted mean that unit costs per contract are lower than costs coded for by the actuary in calculating the premium rates.

So GA Life has been able to reduce premiums by cutting the expense element. The result is that the company is lowering its term rates for cover over £75,000, with substantial cuts for cover over £240,000. For example, the monthly premiums on a non-smoking man aged 49 for cover of £500,000 over five years are £175.50 to £163.70.

GA Life feels that the premium increases two years ago may have been an over-reaction to Aids. It is receiving pro-

posals for very substantial amounts of cover - £500,000 is not uncommon. At this level of cover, the person whose life is insured would automatically undergo a full medical examination including a blood test. The life company can thus minimise the Aids risk on large contracts through underwriting in a manner not possible with mass marketing of, say, endowment mortgages.

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GA Life feels that the premium increases two years ago may have been an over-reaction to Aids. It is receiving pro-

posals for very substantial amounts of cover - £500,000 is not uncommon. At this level of cover, the person whose life is insured would automatically undergo a full medical examination including a blood test. The life company can thus minimise the Aids risk on large contracts through underwriting in a manner not possible with mass marketing of, say, endowment mortgages.

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## FINANCE &amp; THE FAMILY

## Insurance on a second home

I HAVE just bought a timber cottage in Invernesshire. After a great deal of searching I found an insurance company willing to give me cover on the building at a rate of £1 per £1,000 on my main residence. The premium is £16.

What irks me is that I have had to put my main residence on the same policy at an additional cost of £90, so that the second house insurance is effectively costing me £255. Secondly, all sorts of exclusions have been brought into play, which in my mind rather negates the whole point of insuring the cottage. If I leave the property for 48 hours or more I am virtually uninsured.

Fortunately, cover on the contents was easier to obtain. It is feasible for me to raise the cover on contents and to forget about insuring the building. The latter I have valued at £25,000. Is it legally permissible to insure contents and not building?

What I really want to protect myself against is not theft but wilful vandalism or arson.

Most large insurance companies will not insure second homes unless they also insure the main residence of the insurer. The increased rate of premium which you were quoted may not be completely due to the unoccupancy of the property. It may be partly due to the construction material (i.e. the timber frame). The rate of premium does not seem to be excessive. The exclusions which apply after 48 hours unoccupancy are probably standard clauses, but we can't advise with certainty without seeing the policy.

In law, you are under no obligation to insure the building unless your title deed provides that you must keep the property insured to a particular level or for particular risks. But if you have a mortgage secured on either of the properties, the lender would certainly require the property to be insured with their interest endorsed on that policy as heritable creditor.

An insurance company cannot insist that you insure the building if you are seeking contents cover only, but a contract of insurance one otherwise (i.e. of the utmost good faith) and while it is probably not fraudulent to over-insure contents, if there were any large claims, these would be negotiated through a loss adjuster.

### Changes in allowances

I AM 70 and my wife is 69. I am retired and taxed on schedule E. My wife is self-employed and taxed on schedule D.

Hitherto the sum of our joint incomes has precluded my benefiting from age allowance but after independent taxation comes into force, we expect to receive married man's age allowance and my wife Single Person's Age Allowance.

However, I am not sure how we stand in relation to the tax return for the year 89/90. This is because my income for the year 89/90 receives the allowances for that year whereas my wife's profits for the year 89/90 receive the allowances for next year, i.e. 90/91.

In that case:

1. Will she be entitled to claim single persons' age allowance?

2. Will our joint incomes for this particular year still be added together to determine my entitlement to married man's age allowance?

3. If the answer to point 2 is yes, which year's profits will be used to determine the joint income for 89/90?

Provided that your wife continues her self employment at least until after April 5 1993, her schedule D assessment for 1989-90 will be based upon her profit for the year

ended April 5 1990 (or for the year ended on whichever day she customarily makes up her accounts to, in the year 1989/90). Regardless of which year's profit forms the basis of that 1989-1990 assessment, however, the amount of that 1989-1990 assessment will be deemed to be the amount of her profit for 1989-1990, for the purpose of age allowance etcetera. Income tax under cases I to V of schedule D is levied on an "irrational and capricious let's pretend basis".

An eccentrically which appears to command the support of MPs in all parts of the House, judging from the Finance Bill debates.

The answer to your questions are therefore:

1. Yes.  
2. Your wife's 1989-1990 schedule D assessment (regardless of the basis of that assessment) and her 1989-1990 income from any other sources.

3. Yes.  
4. Your wife's 1989-1990 schedule D assessment (regardless of the basis of that assessment) and her 1989-1990 income from any other sources.

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## MINDING YOUR OWN BUSINESS

MAD MERV is not, of course, mad - in spite of the manic nature of his business, which often sounds as though it is the trading floor of London Metal Exchange rather than a sandwich bar in Manchester called Melia's.

The most visible sign of its popularity is the queue of people stretching out of the door across the wide pavement of John Dalton Street between noon and 2pm each weekday. Inside the shop is hubbub as the head of queue shuffles and jostles with people waiting for special orders. One couple even met and married through bumping into each other in Melia's every day.

"Mad Merv's Madras Express" - a roast beef sandwich topped with cabbage and peppers salad and dressed with curried mayonnaise - is one of the sought-after products.

Its inventor is a chef named Mervin Hershon and he rejoices in his nickname of Mad Merv, which he feels conveys something of the ambience of his business and what makes it different.

With seven competitors within 300 yards, it has to be. However, the permanent queue outside and bustle inside are potent testimonials. He could have reduced the crowding by taking the shop next door but decided against because the cramped area of only 450 sq ft in which the business operates is another ingredient in its appeal.

Within that space is crammed an L-shaped front counter, cold drinks cabinets, microwave and baked potato convection ovens, a hot meat pie cabinet and the back kitchen where the food is prepared. Somehow, seven full-timers and two part-timers all squeeze in to work there.

They are needed to shift a queue which has 45 people in it if reaches the tree half way across the pavement outside. Hershon's research has shown that anyone joining it then can expect to be served within three minutes.

This is done through shifting the most popular sandwiches from a constantly replenished buffer stock on the counter and shouting orders to the back kitchen for anything else, such as fillings in baked potatoes.

Usually, all four women on the counter are shouting at once, creating the trading floor atmosphere as customers about to back what they want as they cross the threshold into the shop. Mad Merv moves between front and back, preventing bottlenecks.



Cut above: Mervin Hershon shows his wares outside his shop. Partner Ian Benson looks on

Ian Hamilton Fazey meets a man whose exotic recipes draw lunchtime queues in Manchester

## Sandwiches filled with imagination

As any production engineer would instantly realise, it is the customers who are being processed, not the food - and with great success. Since he bought the business four years ago, Hershon has trebled the turnover to more than £8,000 a week.

He learned hotel catering management from seven years around the world with Hilton International, four of them in Australia. His feeling for what makes a good snack came from supplying the airlines, notably Qantas.

It was his idea to serve local "ethnic" snacks to the Queen on all the stops during an Australasian tour in 1988. He was 23 at the time. Qantas later sent him around the Pacific to extend the principle to its general menus.

Back in Britain, Hershon became a taxi driver in Manchester, then started a betting shop. He nearly went bankrupt on his first weekend when Red Rum, the favourite, won the Grand National for the second time. It took him a few days to pay everybody out but he managed to open two more shops.

Melia's attracted him because it was well-placed and seemed to be always busy without offering anything out of the ordinary. "I had always wanted to open an American-style sandwich bar offering something different from everyone else, but I never had the capital," he says. "Suddenly I realised I could do it."

He sold his betting shops and borrowed £14,000 from Barclays to buy the business for £29,000. Having succeeded in one small business, he then combined the lessons learned with his training as a chef and caterer.

Within two years, turnover was doubled and he had spent £28,000 to refurbish the shop and put some high technology into its management.

By computerising his two titles he has been able to keep track of trends in sandwich sales. This means that even though Melia's sells an average of 1,450 items to 930 customers who spend £1.25 each every day, he can predict total sales to within 10 sandwiches, ordering ingredients and bread from local suppliers the preceding day so that everything is fresh.

The real secret of Hershon's success lies in what he sells. He is the designer sandwich. There are 17 individual fillings.

"People think that running a sandwich bar is about putting a piece of ham between two pieces of bread. We have tried to create a range of unique fillings that you cannot buy anywhere else," he says.

His "tuna special" carries a money-back guarantee and sales are now approaching £50,000 in four years. The tuna, onions and salad seem obvious, but the special piquancy comes from the blend of herbs and mayonnaise which is one of his trade secrets.

He gives his sandwiches names and then markets them as brands with posters in the front window and menus distributed around the city. For example, "Andy's Avocado Surprise" is named after Andrea, his wife, with the surprise coming from the tasty mixture of avocado, prawns, apple, peach and nuts.

"Wendy's Wonder" is called after one of the staff and combines beef, ham and turkey with apple and peaches. "We nearly called it The Titanic because it goes down so well," Hershon jokes.

"Debbie's Delight" adds coleslaw to a Tuna rye, with dill pickle, cucumber, mustard and mayonnaise, in three decks or two, hot or cold.

He is now bursting into expansion. His buffet and party service is growing. He keeps a section of kitchen for kosher food. He is taking on a partner, Ian Benson, opening another shop in central Manchester and yet another in Bolton.

Meanwhile, "New York! New York" is pastrami on rye, with dill pickle, cucumber, mustard and mayonnaise, in three decks or two, hot or cold.

He has also attracted the attention of the local financial and professional community.

His seemingly unique concept of how to make and market sandwiches is considered franchiseable because it should add at least 50 per cent to the turnover of any normal sandwich bar. The Bolton venture will test the idea.

Have any of Manchester's growing army of merchant bankers spotted his potential? Hershon looked puzzled. "What's a merchant banker?" he asked.

*Melia's, 6 John Dalton Street, Manchester. 061-831 7145.*

## Power to the worker

IN THE early '80s, when Eddy Shah was building up his newspaper empire in Manchester, one of his editors was taking more than a passing interest in his business methods.

While her former employer

had sought repeatedly, and unsuccessfully, to storm the Fleet Street ramparts, Jill Carding, now 34, has moved from journalist to businessman, creating a thriving video production company.

"The great thing about Eddy

was that he would take an idea

which people said could not be

done and try to prove them

wrong through determination

and hard work," she says.

Having worked a six-day

week for the first three years

of his newspaper career, Shah

had sought repeatedly, and

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## OUTDOORS

**T**HE UPLAND Moors of Britain have the haunting beauty of a richly-varied wilderness. Home of the grouse and the curlew, they have for generations been the retreat of nature-lovers and the essential grazing pastures of hill sheep farmers, whose uniquely British rural way of life could not survive without them.

Like the tropical rain forests, moors have suffered from man's expanding needs. About 30 per cent of the heather moorland in England and Wales has eroded in extinction since 1945. About 750,000 acres are left. Of these some 300,000 are common land; that is, land which is mostly privately owned but on which the public — at least those who live next to it — has certain rights, dating back to medieval times.

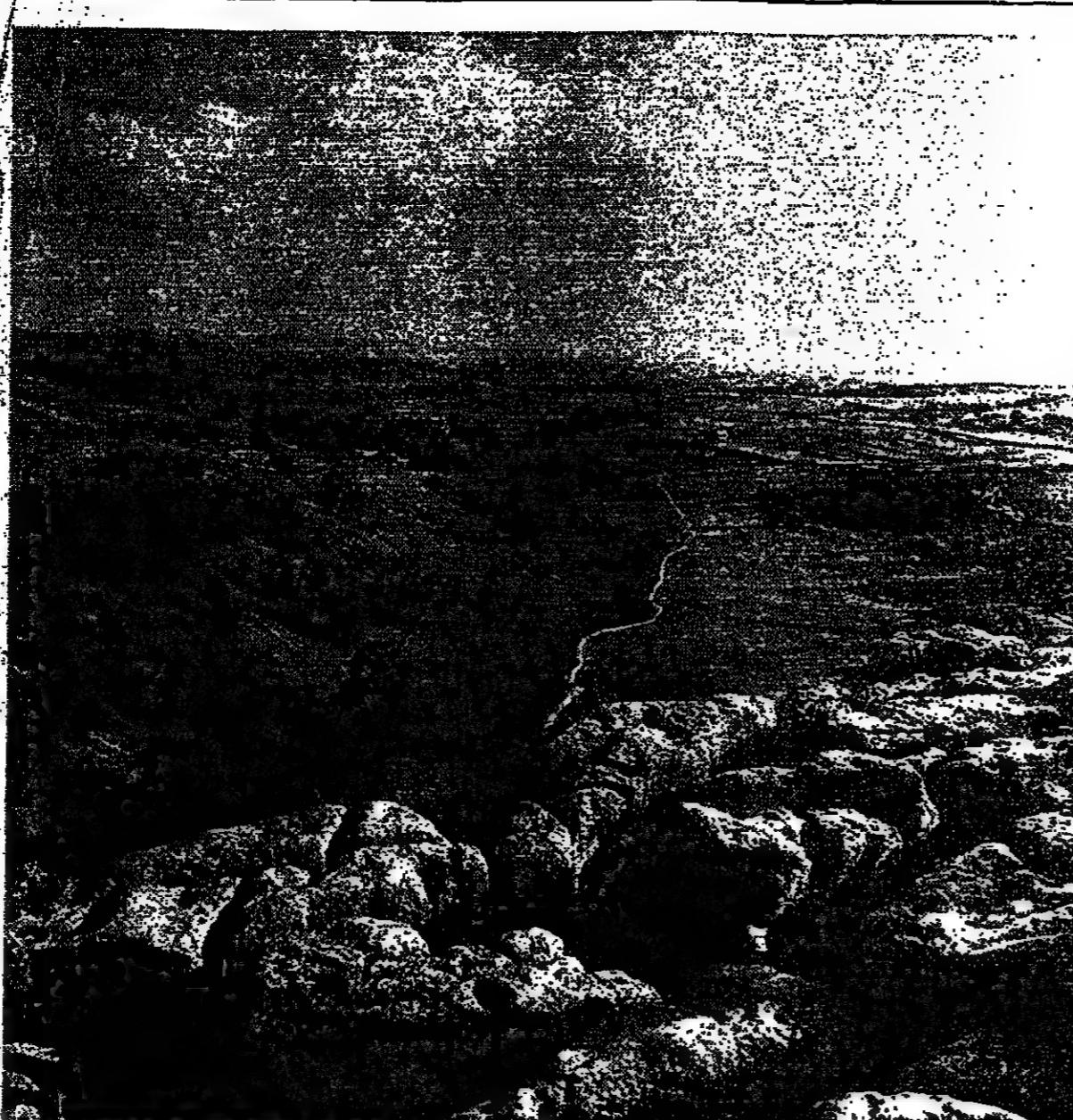
One of these, the right of access, has recently become the focus of a three-cornered fight between the the Open Spaces Society and its allies. The Moorland Association — representing owners of grouse moors registered as common land — and the upland sheep grazier David Trippier, Minister of State for the Environment and Countryside, face the difficult task of balancing all interests when he drafts new laws on the subject. In a recent Commons debate he promised this "sooner rather than later".

At his disposal is a lengthy report offered as a basis for legislation, an ad hoc body called the Common Land Forum. Constituted in 1983 by the Countryside Commission with the brief of formulating proposals for access and management of common land, it has based its report on a consensus among all interested parties. But the moving force which achieved the amazing alchemy among conflicting groups has been the Open Spaces Society.

It coaxed groups including conservationists, landowners, the National Farmers Union, and the Ramblers Association, to mention a few, into a general agreement. From its foundation as the Commons Preservation Society in 1865, this organisation has crusaded to restore and defend common rights on commons land and latterly to de-register private land believed to have been common land in the past. The CLF Report, completed and submitted in 1986, reflects the Open Spaces Society's aims.

In its own words, the society is "spreading the campaign for the new law." It believes that too long landowners have been bamboozling the public, and it hopes that the new law will establish once and for all the public's right to roam freely, without restrictions, on all commons land, including upland moors, and devolve the responsibility of managing commons land on to management associations under local authorities.

Moorland owners are horrified by the prospect. They claim that unrestricted access has never been a right on the commons, and if granted would prove detrimental to the moorlands' delicate ecological balance. In response to the CLF's report, many of them banded together in 1986 to form the Moorland Association, chaired by Sir Anthony Milbank, who owns 4,000



Call of the wild: Malham Cove in Yorkshire

## Time for a grouse

*Elon Salmon watches a battle rage over upland moors*

acres of commons grouse moorland in North Yorkshire, within an estate which includes considerable sheep grazing.

A typical upland fell in north Yorkshire/County Durham comprises interlocking stretches of heather and grass, across expanses of hill. A certain mileage of public footpaths is to be found on most fells. Sensible upland walkers will stick to footpaths because they provide the most convenient routes and generally bypass hazards such as bogs, excessively difficult heather, or the concealed ventilation shafts of disused mines.

During spring and summer a rich variety of birds breed on the moors, coinciding with lambing of the Swaledale sheep which graze there year-round. But the heather falls, breathing in their purple flush, are not a natural environment, explains Sir Anthony Milbank. "They have been created and maintained over many years largely by the traditional practices of controlled sheep grazing and grouse moor management. Without these there would be little or no heather moorland left."

Checking the advance of scrub and bracken is one of these traditional

management practices. Another — essential for the regeneration of the heather — is seasonal burning. It all costs money. But with a fee of one day's grouse shooting standing at a four-figure sum per gun, heather moor owners have at least one powerful incentive for maintaining the moors in top condition. Sir Anthony, a passionate conservationist, argues that unrestricted public access to the moors will result in erosion of the heather, disturbance of the birds' breeding cycle, and other damage such as fire.

Not so, counters Kate Ashbrook,

general secretary of the Open Spaces Society. Access to the moors will be subject to "common sense" rules and by-laws designed to take into account wildlife, shooting interests, and lambing. Thus, anyone trespassing against the rules would be subject to legal prosecution, which is not the case at present. Nice in theory; in practice, impossible to enforce in view of the vast spaces involved.

Another weakness in her argument centres on money: who will foot the bill for maintaining the moors under the proposed management associations? "If the Government legislates, the Government will have to provide the necessary funds for the local authorities to do the job," says Ashbrook. An almost certain non-starter, considering the mounting financial problems local authorities are facing in connection with the poll tax.

The Moorland Association has come up with a compromise: improve and increase public footpaths up to two miles per 400 acres. Sorry, no deal, says the Open Spaces Society and its allies. The present proposal is already based on an extensive compromise, any more is unacceptable, it says.

Sitting on the fence — but now with one foot firmly down on the side of the Moorland Association — the upland sheep farmers warily follow developments. In spite of their long-standing coexistence, relations between the grouse moor owners and the farmers are tense. While farmers suspect the landowners — often rightly — of trying to push their livestock off the fell, the landowners suspect the farmers — generally with less justification — of over-grazing the moors.

Dick Addison, 67, an upland grazier who has farmed on Cotherstone Moor all his life, is an unofficial spokesman for the region's farmers. He has no doubt about where he stands. "I'm all for people walking on the moors," he says, "but they must stick to footpaths. The moors cannot be free for all to wander on as they like. People who don't know the moors cannot understand their special nature. For example, ewes during lambing are easily disturbed. They get used to people on footpaths, but the sudden appearance of people anywhere else, particularly when accompanied by dogs, will make them bolt and often lose their lambs." Farmers have already held meetings to decide how to oppose free access legislation. Surprisingly, the NFU did not foresee this when it subscribed to the CLF's report.

Political posturing has been struck by the opposing camps: obdurate ideology on one side, conservative vested interests on the other. Ironically, the outcome will hardly affect the reality on the ground. Even the Open Spaces Society acknowledge that most walkers prefer footpaths. The few who don't already roam free. But more people with more care means more visitors of all types on the moors. A good gamekeeper, hacked by watchful gamekeepers, might see off the likes of two motorcyclists whom I saw roaring up and down a gill in the heart of the moor one afternoon. It is doubtful that unenforceable by-laws would.

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**Country Notes**

## A farmer who went wild

A CROSS between a safari park and a zoo is about as good a definition of a wild life park as I can manage. Not the white hunter 'neath tope image of the former, nor the restrictive cages, all iron bars and concrete, associated with the latter. If John Heyworth, founder and owner of the Cotswold Wild Life Park, seems almost too laid-back to be the central figure of such a vital and successful enterprise, this impression is entirely false. Nor, judged on appearances, would one easily guess that this lean man, lithe of movement, could possibly be commanding a troop of armoured cars in the closing stages of Hitler's war. Albeit, he was 17 when he joined up in 1944.

In 1949, at a time when shortages, controls and general post-war exhaustion suggested anything but future prosperity, John Heyworth inherited from his grandfather, Bradwell Grove, an agricultural estate near Burford, Oxfordshire. It was centred on a Strawberry Hill gothic mansion. The size and condition of this house, in which he had been born, ruled out personal occupation. A lease to the Ministry of Health staff of a local mental hospital proved neither happy nor profitable. The demand that we see today for large buildings as conference centres, hotels, staff colleges or educational establishments simply did not exist.

For a period, the property was classified "empty" by the local authority. But even the rating void awarded by them for empty property was of little comfort. The rateable value, based on the notional letting value of the house, was in any case a pittance. "Pessimistic," he replied. "At least until such outrages as the slaughter of elephant and rhino for their ivory is effectively dealt with."

One hundred yards away the white rhinos grazed peacefully. They may find the Cotswolds a bit chilly in winter, but surely not half so bleak as the prospect of being hunted down in their native haunts for the sake of dagger handles and aphrodisiacs.

The Cotswold Wild Life Park is 2½ miles south of Burford on the A361; Burford is on the A40, 20 miles west of Oxford. Open daily (except Christmas Day) 10am to 5pm or dusk, whichever is earlier. Adults £3.20, Children £1.90, Pensioners £1.10. 0895 382 3005.

*Michael Stourton*

## Net gain as salmon return

*Michael Wigan weighs the importance of a fish whose lure is part of Scottish heritage*

**S**ALMON fishing should carry a government health warning. The Victorian writer William Scrope recalls being awakened in his hotel by the midnight cry of his fishing companion dreaming he was playing a king fish, and yanking on the bell rope shouting "I have him!"

The curl of the line as it unrolls on to softly rippling water, the comforting repetition of casting, occasionally interrupted by galvanic action against a hanging fish held on a quivering line, the softening sibilance of water sucking round stones: these things can turn moderate men into salmon obsessives.

Scotland is the classic salmon venue. The Atlantic salmon may be more numerous elsewhere (100 years ago the Irish net fishery caught more than England, Wales and Scotland together), specimens might weigh more in Norway, fight more athletically in Labrador, but it was in Scotland that the fishing art developed, the special casting techniques for difficult positions were invented, and classic fishing flies, themselves works of art, were first tied.

Appropriately then, Scotland has retained its name for great flywater opportunities — an impressive diversity of fishing rivers, solid runs of salmon, and all the banter and almost cutting tradition that forms a fishing scene. Outside of Norway, Scotland is also the largest producer of farmed salmon, the form of aquaculture which has so affected the economics of estuarial netting and the poacher's spoils. The salmon on the shelf deserves its tartan wrapping.

Today salmon fishing is emerging from the doldrums — a period during the '80s when the talk was of a threatened species, a high seas netting free-for-all and marine pollution, all showing up in declining salmon runs. Ten years ago the prognosis for pessimistic. The great annual value of salmon to Scotland, calculated in 1983 at £140m, meant an important Scottish industry was at stake. Much has happened since to clear the air and raise hopes.

The problem in conserving salmon is that it ranges across such a difficult migration route, entering west European, Russian, Scandinavian and north east American rivers after a giant winter migration

from feeding grounds off the marine shelf of Greenland, off Iceland, and other winter stations. Its cosmopolitan habits are at once a strength and a weakness. In 1984 the salmon producing nations formed the North Atlantic Salmon Conservation Organisation to help the salmon survive.

It would be false to say that this has been completely achieved. Humans remain determined to get salmon in their clutches at any cost.

The Icelandic coast guard caught Danish vessels drift netting for salmon east of Iceland under Polish and Panamanian flags.

But, the bad guys are getting picked off. Drift netting, which is uneconomical and has the potential to scoop out a whole salmon run, is being ended. An imaginative Icelandic initiative to buy off once and for all the netting quota annually agreed by Nasco with the fisheries of the Faeroes and Greenland is a big step forward. Nasco members have agreed that the ownership of anadromous fish (charine fish, which spawn in fresh water) lies with the countries to which the fish return to spawn; taking them outside the river catchment interferes with stock management.

In spite of being signatures to these agreements — two of the world's leading fisheries — England, and the last frontier of Ireland, (say English because Scotland banned drift netting years ago), England persists with a state of Northern Ireland, which takes the equivalent of nearly half the whole English and Welsh catch from a salmon stock which is returning to home rivers in Scotland.

This abuse hampers British attempts to impose controls on the free-for-all off Ireland's west coast, weakens the British point of view generally, and infuriates the Scots. If the Greenland and Faeroes nets are bought off then British intrusiveness about the Northumbrian fishery will be unsustainable and the Irish used to the generous cushion of the Common Agricultural Policy, will be forced to understand that membership of a management co-operative can cut both ways.

The salmon, partially relieved of pressure at sea, is also finding many estuary mouths which used to be strung with stakes and bags nets now beautifully unencumbered. The Atlantic Salmon

unfortunately on most rivers netting and riparian ownership has been in different hands, and predictable arguments have ensued over appropriate levels of extraction. Once it has arrived back in the freshwaters in which it started life Scotland's king of gamefish enters the zone in which humankind has decided to claim the dividend on its long-haul policing. Scottish salmon fishing is an act of participation, joining the fish in its watery environment (some fishers have enthused about the joys of wading per se), and presenting for its attention a fishing fly (on down market fishing beats a lure) which for no good reason it is expected to grab. The motivation to take the fly, for a fish that has ceased feeding, has been mul-

led over by countless piscatorial experts. On this mysterious impure hange an enormous industry, involving a huge body of fishermen from all walks of life, and a living tradition, which is quintessentially British.

Our attitude to fishing differs from other people's. Americans like action fishing, not too long a wait between pulls. They go to Alaska for it to be joined by British fishermen browned off by poor seasons on unreliable rivers who, unaccountably to the Americans, are then put off by the very magnitude of the run, the simplicity of hooking fish.

The salmon asset is one Scotland cannot afford to impair. Apart from the large annual boost to the Scottish economy from salmon fishing, often in remote places, there is the capital worth of productive rivers to consider. At a time of very toppy prices for salmon fishing rights any estimates are highly speculative. Fishing water is valued on the average numbers of fish caught; flywater suited naturally for rod fishing goes for a premium, especially if sold with both banks. It seems likely that Arnfield, the latest good beat to sell on Spey, produced over £10,000 per Spey.

The total rod catch in Scotland is around 100,000 fish. Assuming the capital value of each fish was £25,000, Scottish rivers are worth \$500m in salmon sport alone. It is a sum which is rising fast, for fishing has outstripped all other sporting properties in the 1980s.

Salmon fishing is a symbolic resource salmon returning to the Clyde and the Thames is comforting. The salmon will come back again and again providing its environment is protected. Its reappearance signals all is well in the world beyond. In the '80s environmentalists hammered away at the dangers of salmon farms in seals, using arguments which were unscientific and alarmist. The alleged risk to wild salmon was used as a stick to beat farmed salmon.

Had they really had the interests of wild salmon at heart critics' attention should have focussed where it belonged on hydrological systems and the salmon's habitat in the river, and on the disturbing growth in numbers of salmon's main predator, the grey seal. The great fish is a pivot species; it would be ironic if international efforts to guard it on migration came to nought because of domestic failures to read ecological balances in home waters.

The centre is based at Oxford Lodge, an attractive, small stone-built hotel dating from the 18th century, which is run by Janice-Parson and her family. It lies on the bank of the tree-lined river Torridge a few miles from the north Devon town of Torrington.

Buck (known in the business by the pseudonym John Gawsworth) is a tweedy, debonair and professional English gentleman who turned out to be the ideal host and teacher: consumed by a life-long passion for fishing, he delights in

IT WAS rural England at its most seductive: a gently flowing river in the quietest reaches of mid-Devon, cows grazing along the bank, the smell of cider apples drifting across the meadow and a slowly sinking September sun slanting through the trees on to the water. The only sound was the occasional plop of a brown trout rising to pluck a fly from the surface.

But in spite of this bucolic harmony, I was in a state of high anxiety as I stood in the middle of the river, legs encased in wading boots. I was about to attempt the patiently absurd: to convince one of those trout that the assembly of hook, feather and hair on the end of my fishing line was a succulent floating insect.

This was my big test: to see whether a short course in the art of fly fishing had left me with a modicum of ability. Just three days earlier, when I enrolled at the West of England Centre of Game Angling, my knowledge of the craft had been precisely nil.

Suddenly there was a flash of movement. Clumsy and tense, I pulled the rod upwards with an over-powerful, inelegant jerk. To my amazement, I discovered that some living, wriggling thing had attached itself to the end of the line.

It was a brown trout. Its silver sides thrashed wildly through the water as I tried to escape. Just five inches long, it was far too small to take from the river. But I felt as though I had broken a world record. The unbelievable had actually happened: I had caught a wild river fish with a dry fly.

I had arrived for my three-day introductory course with trepidation. The West of England Centre of Game Angling sounded an intimidatingly professional place. How would it react to someone who had never held a fishing rod before?

I need not have worried. While the school caters for all levels of angler its owner, Buckley Jenner-Parson, was positively enthusiastic about my ignorance. "No bad habits to correct," Buck explained, as he puffed soothily on a pipe.

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## Hooked, line and sinker

its courses has failed to catch a trout. It is, in fact, not much of a bait, since the novice begins by fishing a local lake where you are almost guaranteed a catch: many of the trout have been fed on pellets and you could probably catch one by baiting your hook with a cigarette filter.

I duly hooked two in quick succession. But though no great achievement, this did at least help restore my battered morale and provided a useful lesson in how to land a fish. The key is to keep your line taut at all times so the trout can't shed the hook. I then had to kill the fish (three sharp taps to the back of the head with a stick called a "priest" because it delivers the last rites) and then gut it.

The next two days were spent trying to improve my overhead casting technique and learning some new casts for special circumstances, notably the aesthetically satisfying double spey, where the line performs a balletic dance over the water. Slowly and painfully I made progress, helped by a video which showed up my errors glaringly.

There were also lectures on tactics: how to fish a river rather than a lake; when to use a dry (floating) fly rather than a wet (fished under the water) one; and what pattern of fly to use. A video of trout taking bait showed how to detect when you have a fish on the line. This is crucial because, if you do not quite strike, the trout will spit the fly out when it realises it has been hooked.

But the school does not believe in blinding people with jargon or abstruse science and the basic message was refreshingly common-sensical. There are seven variables in fishing: the depth at which you fish and the speed, the size, shape and colour of the fly and its position in the water and movement. If you are not catching fish, you just keep changing these variables.

By the end of the course my casting technique was still pretty dreadful and I realised that it would take months of practice to become even reasonably competent. But the centre's three-day course is not designed to turn out perfect anglers. The aim is to allow the beginner to decide whether he or she enjoys the sport before taking it up seriously. Me? I was hooked. I put my money where my enthusiasm was and returned home loaded with new tackle and a natty fisherman's waistcoat. The complete amateur.

West of England Centre of Game Angling, Torrington, Devon EX38 8PH  
Martin Dickson

## TRAVEL

A Civilised Weekend

# Culture, gastronomy dope and sex

*Laura Raun tiptoes through the tulips of Amsterdam*

**F**OR THOSE who cherish Van Gogh's vibrant colours and brilliant landscapes, now is the time to visit The Netherlands. The visitor can delight in what is perhaps the best exhibition yet of the Dutch impressionist's work, and also enjoy dazzling fields of blooming flowers and relish the springtime treat of fresh white asparagus.

Culture and nature, topped by a dollop of gastronomy, make for a splendidly civilised weekend. The Van Gogh exhibition can be seen in one day, even though it is spread over two museums, in Amsterdam and Osterio. That leaves the other day for tiptoeing through the tulips and strolling around Amsterdam's canals or its more risqué haunts.

## TRAVEL

# Dust, dirt — you've no idea

*Alexander Norman in Naples, a city that lives for the moment*

**N**APLES IS so like Calcutta: the dust, the dirt, the faded colours. Seen in the early morning there is the same feeling of walking into someone's drawing room an hour after the last guest left the evidence of humanity is everywhere, but there is no-one to be seen.

As with Calcutta, if Naples really were a drawing room it would be in the house of a penurious grande, the Persian carpet threshold, the velvet curtains frayed and the grand piano minus several keys. There is, above all, a sense of faded elegance. Yet they are both 20th century cities. Their greatest buildings include grand examples of architecture less than 100 years old.

They are both profoundly religious cities, too, though it is Naples which must carry the prize for devotion. There are churches everywhere. Some of them, like the great cathedral of San Gennaro (whose dried blood, kept in a glass phial, liquefies twice a year, on the first Saturday in May and on September 19, except when disaster is due) and the Chiesa di Sant'Anna dei Lombardi, are majestic structures.

But in many ways the more modest parish churches are more arresting, surprising you at the end of an alleyway or, like the Chiesa San Domenico, its recorded madrigals blaring from a pair of loudspeakers, standing sandwiched between a garage and a *pasticcio*. Then there are the shrines: little lock-ups set haphazardly into walls.

On MY Michelin map of Africa it looked substantial enough: a thick red line running from Dar-es-Salaam on the coast of Tanzania to the Zambian capital of Lusaka, high on the continent's southern plateau.

The name, too, the Tan-Zam Highway, sounded official and solidly reassuring. I measured the distance from Dar to Mufindi, my destination: about 350 miles. A morning's run, I guessed. But if Michelin awarded stars to roads, the Tan-Zam would earn none at all: a black hole would be more appropriate. Cars don't roll down this highway, they are absorbed into it.

From departure to destination it is a bone-shaking obstinate course of deep potholes relieved only by long stretches of axle-deep mud. By sunset we were in Tanzania's southern highlands but still miles from Mufindi, where I was to visit the country's largest tea estates. We had bounced through steamy coastal scrubland, rattled our way over

rolling hills and crossed grassy savannahs where giraffes browsed.

We had splashed muddy water on the long legs of Masai herdsmen as they stood leaning on their spears by the roadside, skinned down the face of deep gorges, penetrated endless miles of baobab forest, crossed tumbling brown rivers, and finally climbed 5,000 ft into the thin, cold air of the highlands. Now, with night coming on, it began to drizzle, and a thick, all-obscuring mist rolled in. Not even the driver seemed sure of the way.

I, of course, had no idea where we were. All I was able to learn from my guidebook was that this was the tribal heartland of the inadequately-named Hoho. One of the most martial tribes in East Africa, Hoho history is in fact anything but funny — slaughtered in great numbers in the German colonial inva-

sion of the 1890s, the Hobos abandoned the fight only when a German general presented the severed head of the Hoho chief to the Kaiser in Berlin.

But I was less worried about the Hobos than finding a bed for the night. Anywhere 350 miles into the interior was bound to be isolated, but this was pushing it.

What lay ahead through the sodden bush, swirling mist and utterly desolate African night could only be, I presumed, the end of the earth. A solid-looking stone building with lighted windows loomed through the dark. Woods smoke wafted through the air as we came to a halt and got out. By this time any sense of the normal was far enough gone that fairytale fantasies came easily to mind. "A lonely woodcutter," I thought.

We knocked, then cautiously pushed the door open. It was a fairy-tale fantasy. Here in the middle of nowhere was an English pub complete to the last detail. In one corner comfortable armchairs were set around a cheerful fire. Settees and low tables beckoned intimately from alcoves. There were dart boards, a billiard table, a spread of pub food and every other comfort necessary to complete the illusion that this was not the heart of Africa but an English pub.

More amazingly, the room was peopled with all the characters one might find in a gentrified village in Surrey. Middle-aged matrons in tweed skirts and sensible shoes chatted around the hearth. White-haired gentlemen in ties and cardigans nursed pints. Laughter and snatches of conversation floated through the air: "... lucky to bogey one on the ninth..." "... the lowest summer frost..." "... a 2lb trout if it weighed an ounce..." Finally noticing the aston-

ished intruders at the door, one man detached himself from his friends and approached. We shook hands warmly. "Welcome to Mufindi," he said with a genial smile and the best of public school accents. "Glad to see you've arrived; have a whisky. I only hope you've bought your club."

It may be the effects of altitude. More likely it is the result of three decades of mist-bound isolation. Whatever the causes, Mufindi's tiny English community, lost high in the African hills, has somehow managed to slip the bounds of space and time: it continues to live as if sunsets had never been heard of in the British Empire. Its now ageing population may not dress for dinner or attend the Mufindi Ball in white tie and tails as it used to, but the traditions of English colonial life remain strong in a continent where elsewhere they have all but vanished.

While the main job at Mufindi is the growing of high quality Brooke Bond tea on exquisitely-kept estates, life is a mix of conservative English country living topped with a good measure of top-hatted eccentricity, some of quite loony. It all requires tremendous effort, but the results are astonishing. Here you can play a round of golf in the morning, take lunch in a country house overlooking smooth lawns, rose gardens and statuary, then spend the afternoon, if you don't play squash or tennis, fishing in well-stocked trout streams.

And for sociable evenings

such as my first, there is always the Mufindi Club. Most long-time inhabitants of Mufindi are sociable; their fragile little community would otherwise have disintegrated long ago. "You have to be able to have a roaring argument with someone at work and then get tight with them at the bar that evening," says Colin Congdon, who like other Mufindi old-timers came out as a young man in the mid-50s.

Even in Mufindi's chilliest weather, Congdon strides briskly about in khaki shorts and knee-socks, and spends most of his free time chasing about the hills after butterflies. Other residents have equally eccentric interests.

But not even isolated Mufindi has escaped social and economic changes of the post-independence era. Colin Congdon remembers a time when Mufindi Club rules stipulated a membership limited to those of "pure European descent."

Today things are much more egalitarian: under the Government's Indigenisation programme we now have a majority of Tanzanian estate managers; they're every bit as professional as the remaining expatriates.

In the old days there were as many as 40 expatriate families in Mufindi; today that number has been cut by two-thirds. The sense of community remains strong, but the death-knell of the Mufindi way of life has sounded.

In 1985 Brooke Bond was taken over by Unilever, whose policies favour short-term postings of management executives from one international division to another. "We're probably a little too set in our ways here to make good as Unilever ice-cream factory managers in Australia," says long-time tea factory supervisor Alex Boswell, "but these are the kind of changes we face now."

While such displacements may upgrade levels of Unilever management worldwide, and eventually even improve the taste of ice-cream in Australia, it is without doubt going to leave something missing in the flavour of life in Tanzania's southern highlands.

*Nicholas Woodsworth*

## Hoho — welcome to England in Africa

## TRAVEL BUSINESS

### Boost for the package trade

Picks up significantly over the next few weeks.

■ ■ ■

WHEN THE newly-refurbished 22m Royal Scotsman train pulls out of Edinburgh's Waverley station later this month, most of its mainly American, Japanese, and continental European passengers, eager to take a leisurely six-day tour round the Scottish highlands, will probably be unaware that the future of the luxury train is far from secure.

British Rail this week wrote to the owners of the Royal

Scotsman, the Great Scottish and Western Railway Company, warning that within a few years it will not have suitable trains to pull the train's luxury carriages.

At present BR diesel locomotives pull the Royal Scotsman for much of its journey, apart from a switch to steam on the west coast of Scotland. But BE is planning to replace these locomotives with cheaper trains which will not be able to pull the specially-designed Royal Scotsman carriages.

"We were very surprised to get the news from BR," says Fergus Hobbs, director of the railway company. "Especially as it seems that they will not allow private companies like us to operate our own diesels."

The Royal Scotsman first plied the Scottish Highlands in 1985 and established a niche market for luxury train travel to rival the more famous Orient Express' trips across Europe. The project was initially seen by venture capitalists as rather a gamble, but it soon paid off as wealthy overseas tourists willing to pay between £400 and £500 per day for all-in train travel started booking (through specialist travel operator Abercrombie & Kent) in earnest. The train won a Queen's Award for

Exports in 1988.

Last year the train's owners decided to rebuild it from scratch, putting in all the extras — such as an observation car with open veranda and en suite bathrooms for all cabins — that cost prevented from being included originally.

BR's threat could not have come at a worse time. Hobbs, however, is optimistic that a deal can be worked out with BR to operate locomotives, especially with the prospect of BE being privatised in the next few years. "BR isn't interested in running the sort of added-value luxury service we provide so I can't see why we cannot eventually reach some arrangement," he says.

■ ■ ■

BRITISH AIRWAYS is targeting a special package called Privilege Plus at more than 250,000 Britons aged 55 or over — the so-called "grey race".

For a joining fee of £5, members receive discount vouchers for UK air travel worth £25, plus travel information and reduced travel insurance. When an airline booking is made, further discounts on hotels and car hire to a value of £75 are given.

The scheme is also meant to ensure that participants get their preferred seats on flights, along with special meal requirements. Apart from generating more business, BA hopes that the information gleaned will enable its marketing department to develop new services.

*David Churchill*

virtually all of his time in Guatemala, a place that is reckoned to be like nowhere else on earth. The result: Sweet Waist of America: Journeys Around Guatemala (Hutchinson, £14.95).

Altogether more prosaic is West from Montevideo: Uruguay By Bike, by J.D. Holzhauser (Cassell, £14.95), but because I have never cycled around Uruguay I do not feel like being rude about it.

I could be ruder, if I wished, about Six Days in Havana by James Michener and John King (Souvenir Press, £15.95), which the author describes his travels beyond the country's Christian heartland to the walled Moslem city of Harar, where Rimbaud spent the last years of his active life, to a village of Ethiopian Jews, and to the Bale Mountains to search for the world's rarest wolf.

Anthony Daniels tells us that when he went to Central America to write of civil wars and foreign intervention, he had planned to distribute his efforts equally between the five republics of the central American isthmus. Instead, he spent

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### Plucky — and fortunate

Took her through Hungary, Rumania and Bulgaria. She writes vividly, well; has a splendid eye and an excellent ear. As Leigh Fermor says, she is neither patronising nor gullible.

I particularly relished her account of a visit to a bar in Brasov, Rumania, with a companion. They waited half-an-hour or more to be served. Nothing happened. Finally, the youth sitting opposite spoke: "For us, the beer is an illusion," he said. "I tell you this so that you do not worry. You may wait one hour. You may wait four. It may be in front of you at ten but that is when they close. Or it may not come until tomorrow morning and then it is you who will not be here."

So why did he come? "This bar has the fastest service in town."

Another good read is *A Far Country*, Travels in Ethiopia, by Philip Marsden-Smedley (Century, £14.95), in which the author describes his travels beyond the country's Christian heartland to the walled Moslem city of Harar, where Rimbaud spent the last years of his active life, to a village of Ethiopian Jews, and to the Bale Mountains to search for the world's rarest wolf.

Anthony Daniels tells us that when he went to Central America to write of civil wars and foreign intervention, he had planned to distribute his efforts equally between the five republics of the central American isthmus. Instead, he spent

most of his time in Guatemala, a place that is reckoned to be like nowhere else on earth. The result: Sweet Waist of America: Journeys Around Guatemala (Hutchinson, £14.95).

Altogether more prosaic is West from Montevideo: Uruguay By Bike, by J.D. Holzhauser (Cassell, £14.95), but because I have never cycled around Uruguay I do not feel like being rude about it.

I could be ruder, if I wished, about Six Days in Havana by James Michener and John King (Souvenir Press, £15.95), which the author describes his travels beyond the country's Christian heartland to the walled Moslem city of Harar, where Rimbaud spent the last years of his active life, to a village of Ethiopian Jews, and to the Bale Mountains to search for the world's rarest wolf.

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Scattered along the length of the two aisles and across the transept are a total of 22 confessionals, the only unadorned feature in the church. On the Sunday that I was there, there was a shapely girl of about 20, dressed in a tight black mini-skirt adorned with an exuberant orange sash kneeling not anonymously to the side, but at the front of one of these confessionals. She was in conversation with a young bearded cleric for all of half-an-hour. I could not help but wonder what nameless impropriety she might have committed, for however plain the Neapolitan may be at heart, on the surface they are astoundingly profane.

Or perhaps it is the other way round. Walk down any street and look at any public building (for example the Palazzo Royale) and you will find it covered with the most violent graffiti. At every street corner there is an array of posters advertising everything from anatomy to washing-up liquid. Look closer and you will notice that the once bright colours of private houses — ochre, greys, reds, greens — are faded to a uniform drabness, and their fancy iron balconies are almost invariably rusty.

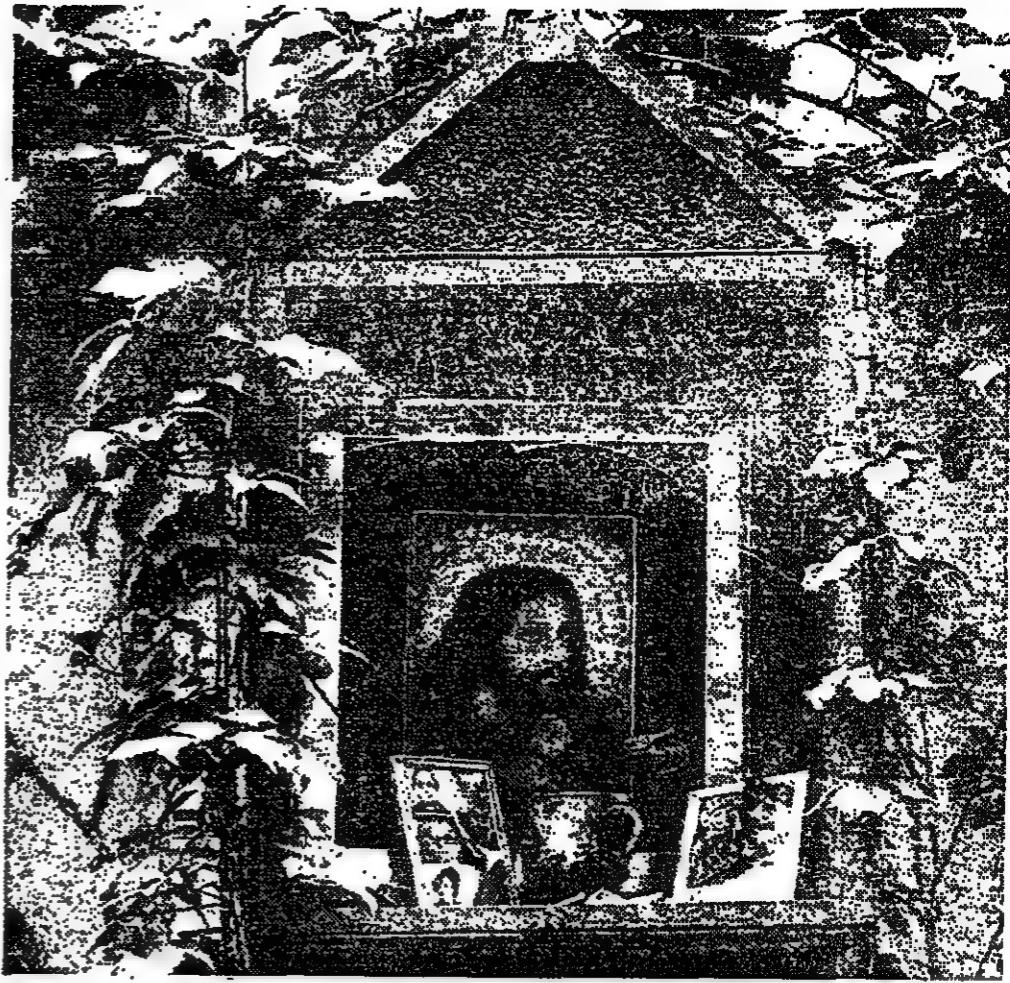
Nothing in Naples looks new. Even this year's brochures in a travel agent's window are bleached into early senility. And the most modern structures — a bank or two, the odd hotel — look as though they belong to another era, despite the fact that they can be barely 20 years old. A case in point is the

grandly-named Royal Hotel which stands on the waterfront, almost opposite the oddly named Castel Dovo, "Egg Castle."

Although it proclaims four-star status, its foyer and reception area are reminiscent of an airport departure lounge. This theme is continued in the bedrooms with their large circular mirrors, leatherette sofas and demented bedside lamps which look as if they might have been modelled on your grandmother's bathing cap. It is all very '60s.

But if those years represent anything, they represent a renewal of optimism after a decade and a half of postwar privation. And, as anyone who has read Norman Lewis's book *Naples '44* (Eland books, £5.95) will know, this was a city that suffered more than almost any other.

Walking along the empty early-morning streets you are aware that this comparatively recent memory is a powerful one. Perhaps it goes some way towards explaining the extremes of piety and profanity at will.



A well-made shrine: Neapolitans mix piety and profanity at will

and then get tight with them at the bar that evening," says Colin Congdon, who like other Mufindi old-timers came out as a young man in the mid-50s.

Even in Mufindi's chilliest weather, Congdon strides briskly about in khaki shorts and knee-socks, and spends most of his free time chasing about the hills after butterflies. Other residents have equally eccentric interests.

But not even isolated Mufindi has escaped social and economic changes of the post-independence era. Colin Congdon remembers a time when Mufindi Club rules stipulated a membership limited to those of "pure European descent."

Today things are much more egalitarian: under the Government's Indigenisation programme we now have a majority of Tanzanian estate managers; they're every bit as professional as the remaining expatriates.

While such displacements may upgrade

## PERSPECTIVES

I was regretting that I had forgotten to pack a book as the blasting engines of the iron ore train snaked slowly through the goods yard and out into the early morning darkness. Floodlights threw the line of rattling wagons into silhouette and the train's horn boomed through the night.

Alexander Kulin, a philosophy graduate on his way to a new job at the Liberian Mining Corporation iron ore mine in Yekema, northern Liberia, shared one of the four locomotive cabs with me. He had left his wife and two small children behind in Monrovia.

As the train increased speed, ploughing into thick forest the sky began to turn steely grey. Then, after three hours, just as the sun was taking the edge off the early morning coolness, the shooting started.

I fell to the floor just as the window I had been sitting beside shattered and became a hole where my head had been. The brakes squealed and the train began to slow down and eventually stopped.

Birds whistled in the forest outside the shattered window. The train heaved steamy sighs from its brakes. Then down the track, walking slowly, we saw the rebels, who have been fighting to overthrow President Samuel Doe since last December.

Twenty men moved towards the four engines at the front. We lay on the floor and heard their footsteps. Gunfire burst the silence. Bullets flew through the cab, shattered glass covered us where we lay on the floor, and the noise seemed as though it would never stop. Glass and metal burst from the instrument panels. Used bullets rattled on to the floor. Voices yelled outside and there was the blast of heavier weapons. A face appeared at one of the broken windows. I looked for a second at two agitated eyes before they disappeared. We had to get out. They would stop shooting now they knew we were there, I thought.

We slowly stood up and opened the door. They yelled at us to get down from the train. Their machine guns trained on us, they searched us and fired questions while others fired on

the cab. I told them I was a journalist, and they smiled: "We will take you to our leader," said one who took my money and passport.

The tension eased slightly. But suddenly an army reconnaissance airplane flew low overhead and they knew the ambush had been discovered.

For two hours we walked along roads and through the forest as the army came closer. The rebels set another ambush near the train, which they had immobilised. Shooting followed us as we walked further into the rebel-held territory. Since fighting began last December, Nimba County, in north-east Liberia, has been the arena for the most serious challenge to President Doe since he seized power in 1980, when he was a 28-year-old Master Sergeant. A once cordial relationship with the US, until recently the main source of aid, has been severely strained by human rights abuses and a record of economic mismanagement.

We stopped in a deserted village where they had a truck waiting, and we began a five-hour journey to their military base on the border with the Ivory Coast.

A pig was sniffing the upright curve of a picked-clean spinal cord protruding from a pair of trousers lying by the roadside in Sanklepie, a town taken by the rebels on April 4. Teenage fighters preened their AK-47 machine guns around a hut where the shirtless commander was slowly cleaning his dismantled gun.

Troops arrived in a commanded refrigerated truck advertising Aromatic Schnapps in big colourful letters on its side. Combatants jumped from the open doors of the truck to the ground. Taylor shows us the death weapon hanging by a strap from their shoulders. "This is Liberia."

The refrigerated troop carrier swung along the winding mud tracks of Nimba county. We follow in another truck. At roadblocks small bands of men and boys yell nervously at the truck to halt. Quiet words are exchanged and the new volunteers to the National Patriotic Forces of Liberia travel through the night to the base where already more than 1,000 men and women have been trained in the art of war.

We arrived at midnight and were given beds in a small hut. Next morning I met the Chairman of the

# At gunpoint in the forest

Last week FT man Mark Huband was captured after his train was ambushed by Liberian rebels. This is his story



Mark Huband (above): held captive by rebel leader Charles Taylor, shown surrounded by soldiers of his bodyguard



pistols, one with a bow and arrow dressed in a bright red embroidered jacket, and a turban wrapped round his head and face so only his eyes were visible.

"This is our war," said Rambo, a 17-year-old fighter dressed in immaculate army fatigues and armed with a grenade launcher. His smile turns to laughter as he fondles the death weapon hanging by a strap from his shoulders. "This is Liberia."

The refrigerated troop carrier swung along the winding mud tracks of Nimba county.

We follow in another truck.

At roadblocks small bands of men and boys yell nervously at the truck to halt. Quiet words are exchanged and the new volunteers to the National Patriotic Forces of Liberia travel through the night to the base where already more than 1,000 men and women have been trained in the art of war.

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of the unknown soldier in the city centre: "Many people believe that the tomb was sealed up with a man inside. He was alive when they put him in. That's the kind of regime we are fighting."

After an hour I left with a heavily-armed guard and Samuel Dohkie, an ex-minister in the Doe Government now on the rebel side, for a tour of the war zone, the first journalist to do so since the war started.

An old man, Denis Seus, describes how the army arrived in search of members of the Gio tribe who were accused of supporting the rebels: "Eight of us were arrested. Most of the town had escaped. We were lined up by the army. One man pleaded for his pregnant wife to be allowed to go free and that he should be killed in her place. But the General said all women and children were to be killed."

"Our war is a response to the shame Liberians feel at the Doe Government," he says. Three days later, when we meet again he says the first thing he will do when he gets to Monrovia is unseal the tomb

crawled into the bush. I managed to cross the border into the Ivory Coast and got treatment in the local hospital.

Every village bears the scars of the conflict. In Butuo an entire street was burned to the ground in the army's search for rebels.

Seus continued: "A blind woman lived in that house. The army locked her inside and burned her alive. The man who lived over there was killed and his body was dumped outside. His head was found over there," he says, pointing to the remains of the smoke-scarred building.

That evening, Saturday, we stayed in the only building in the town which has remained intact. After dark some rebel troops arrived to be addressed by Dohkie. In the floodlights of a captured bulldozer he tells them: "Anyone discovered raping or looting will face the firing squad."

The rebels reply: "Down Down Doe." Then chant in support of Major Taylor. The Chairman, the self-styled Presi-

**A** ROUND 5,500 people gathered last week in two enormous golden domes in the small rural community of Fairfield, in south eastern Iowa. Another 2,500 went to Rabac, a seaside resort on Yugoslavia's Adriatic coast. Then there were the 4,000 who thronged Maharishi Nagar outside Delhi.

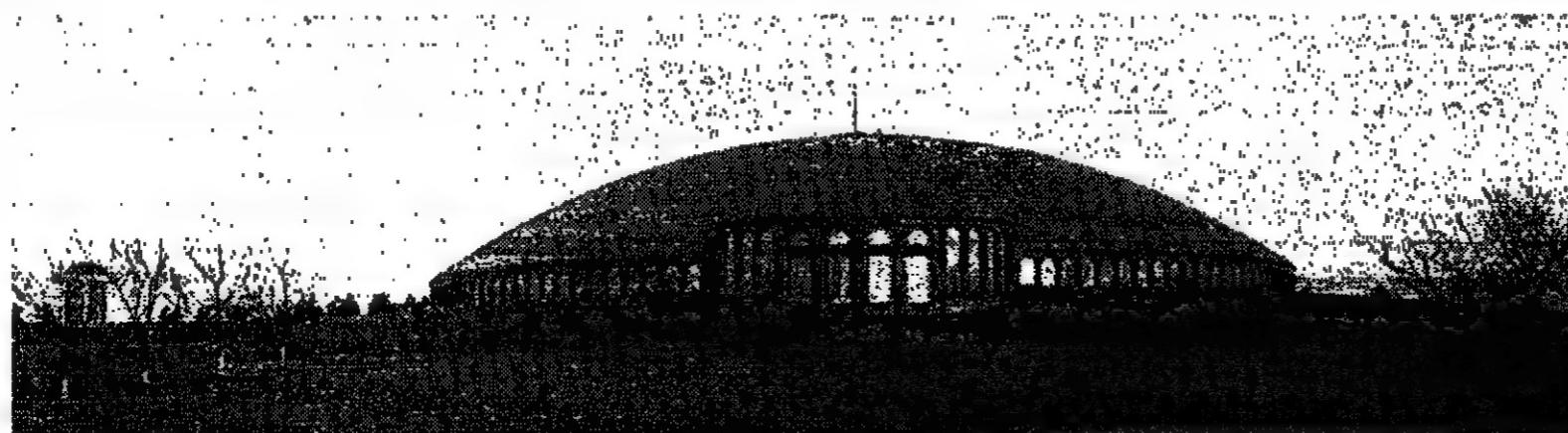
In what must be one of the largest global telephone conference calls in history, these disparate groups joined in hearing the words of the man at the centre of their movement: Maharishi Mahesh Yogi, the founder of Transcendental Meditation.

Last week was a momentous one in the history of TM. It was the first time that the Maharishi's followers congregated to meditate in union around the globe and the first time their leader had addressed them all at the same time from his "World Capital of the Age of Enlightenment" in India.

It was also the most intensive effort to spread the message. Open letters were sent to heads of state and full-page adverts laying out Maharishi's philosophy have run in major newspapers around the world, including the *Financial Times*.

Followers of TM believe that the technique, which achieves a state of deep relaxation coupled with mental awareness, fosters creativity and helps manage stress. Last week, an 18-month stay of 800 workers at Sunimoda sponsored by the National Institute of Industrial Health, part of the Japanese Labour Ministry, suggested that meditation makes people healthier and more productive.

Followers of TM claim much more. They believe that groups of medita-



Feel the vibes: the Golden Domes of Pure Knowledge at the Maharishi International University

## All they are saying . . .

... is give peace a chance. Janet Bush reports

tors spread a powerful, calming radiance throughout their environment and even the world. The claims have received some outside support though many scientists regard them as baffling or ridiculous.

Dr Bevan Morris, president of the Maharishi International University in the isolated little town of Fairfield, explained that the total number of regular, advanced meditators must rise to "the square root of one per cent" (one ten thousandth or about 7,000 people) of the world population to achieve "world peace."

The community of Fairfield, nestled in the lush farm belt of the mid-west, is a microcosm of the

world the Maharishi is trying to build. The Golden Domes of Pure Knowledge, stuck incongruously on top of a manicured slope on the campus of the Maharishi International University like space ships which have lost their way, host the largest community of meditators in the world.

Pulling up at traffic lights in downtown Fairfield, there is a Ford pick up. Its bearded driver slouches back in his seat, baseball cap tilted back, alternately slurping Coca Cola from a large paper cup and shovelling fries into his upturned mouth to the sound of loud rock music. Behind him is a gleaming BMW, its

driver in a dark grey three-piece suit, slim tie and short hair cut, a meditator on his way to the Domes.

Since the university was founded by the Maharishi in 1974 on the campus of a bankrupt private college around 3,000 babyboomers, who became devotees of TM in the 1960s and 1970s, have transformed this little town into one of the fastest growing communities in the country.

Apart from the fact that all the students practice meditation and don't drink or take drugs, the college is similar to other American universities, with a wide range of different courses.

"There were towns all around here

which were withering on the vine in the early 1980s," said Bob Daniels, president of Copperfield Chimney Supply Inc, the leading nationwide supplier of equipment for chimney sweeps and chimneys. Here we are a real pocket of prosperity. The Governor loves us, property values have been shooting up, and while Iowa has seen a net population loss, our county has seen a net gain."

Bob started as a chimney sweep in Oklahoma, branched out into distribution and then moved to Fairfield because he wanted to be part of the TM community. "I could have been the king of the chimney sweeps in Oklahoma for the rest of my life but I

believe that business has been the glue which has cemented the community together. Many local people, at first deeply suspicious, now have the meditators to thank for their jobs and quite a few have joined."

Dr Bevan is confident that the community around MHE - which now has a permanent mention on road maps, a few miles away from the Iowa Wesleyan College and the Midwest Old Settlers and Threshers Heritage Museum - will continue to grow.

"At first people thought that coming out to the prairies was an extraordinary notion. Now we think this peaceful place is exactly the right spot," he said. "These people could live and thrive anywhere but they like it here. The days of big cities are numbered". Dr Bevan

believes that business has been the glue which has cemented the community together. Many local people, at first deeply suspicious, now have the meditators to thank for their jobs and quite a few have joined."

There is the US market leader in taking photos of college graduations and marathon runners, a nationally-renowned ice cream manufacturer and a "mass" marketer of baseball cards. Amid the inevitable health food stores and New Age art galleries, Fairfield offers something unexpected: it is proving a first-class breeding ground for technological and computer innovation, earning it the nickname "Silicon Valley".

G. F. Watts' *Truth and Goodness*. She based a pottery workshop there, which has since closed; and Limmerslease is now looked after by the writer and biographer Wilfrid Blunt, who maintains it as a permanent exhibition.

The gallery needs to be large, because Watts liked to work on canvases the size of tennis courts. *Eve Re Bewert; Peace and Goodwill; Patient Life of Unrequited Love*; the titles give you some idea of what to expect. Watts was a preacher in paint (and sometimes bronze), and that explains both his popularity in the Victorian period and our subsequent neglect of him. He was part of the "age of improvement." In his very old age he got wind of some disturbing developments across the Channel, with Frenchmen abandoning themselves to themes of vulgarity in a style of impressionism strongly suggesting the practice of art for art's sake.

Art for art's sake? To Watts, as his partisan, the author G.K. Chesterton noted, you might as well speak of voting for voting's sake, or amputating for amputating's sake.

Art was meant for glorifying human progress, and especially the play performed by the Anglo-Saxon people to that progress. There was early success for Watts in providing decoration for the House of Commons; committee members may still be able to point to *Affred Bunting the Saxons to Resist the Danes*.

There is a note from the curator pinned to the door of Limmerslease: *WATTS WAS NOT A PRE-RAPHAELITE*, it says. Nor, the curatrix might have added, did he have anything to do with steam engines. And yet I think many people will enjoy an excursion to this gallery. The many portraits, by which Watts reluctantly earned an income, are full evidence of his powers as a painter; and the decipherment of allegories is on the whole a more rewarding exercise than deciphering most modern art.

■ *The Watts Gallery (Limmerslease), in Compton, Surrey. It's open Weds, and Sat 11am-4pm, 2pm-6pm, and other days from 2pm-6pm (closing time in 1989 from 1 Oct-31 March). Closed Thurs.*

Nigel Spivey

Continued from Page I

a level assessed on the ALARP principle (As Low As Reasonably Practicable).

Roger Lyons, executive officer of the Manufacturing Staffs Association, says that cost pressures in the North Sea have jeopardised safety, a claim which is vigorously disputed by the operators.

British Petroleum, with the largest share of operations in the North Sea says: "All programmes are ratified by the Department of Energy, and Health and Safety regulations apply as on shore. In March last year, the company created a unit employing 180 people concerned with nothing but safety."

Even so, public confidence in the protection of life, which it took almost for granted until recently, has been jolted severely. Judith Hanna, who joined Transport 2000 just before the Kings Cross underground station disaster, says public attitudes to the price of saving life have changed dramatically. "Before, they felt subsidy ought to be cut, but afterwards there was growing indignation that they couldn't take it for granted that the system was safe."

The suspicion that the Government's emphasis on profit targets had led to an erosion of safety, as well as service, was strengthened after the Clapham rail crash, where human error was compounded by a management decision to cut £90,000 from the annual signalling maintenance bill.

**D**OUGLAS BUSBEY is no starry-eyed liberal. Yet for the past decade he has been deeply involved in voluntary work aimed at providing leadership for the depressed core of Detroit.

His introduction to community programmes was not auspicious. When the young Detroit lawyer walked into a room full of people on the opening day of a retreat organised by Leadership Detroit, his first thought was: "What the hell am I doing here?"

Leadership programmes are an attempt to shape - sometimes to shock - people into leadership roles in their cities. A group nominated by their companies or organisations is picked each year. In Detroit, they must attend nine full-day sessions when they are briefed about the community, and one overnight retreat. The key factor is that people from different backgrounds meet, and talk, and stay in touch.

Busbey's superiors had been asked by the programme organisers to submit a candidate. He had been made a partner in law firm Schlussel, Lipson, a year earlier. He had thought vaguely that being on the programme might give him some business contacts.

The first session at the retreat was "loosening up," getting to know your colleagues. His scepticism increased. But his subsequent conversion during the rest of the course was deep, if not total. He calls it his own "maturation process."

Busbey is 41. He lives well, and

alumni to keep contact with other people who had been on the programme (Leadership Detroit is currently in its eleventh year).

Eventually, he was asked by the Detroit chamber of commerce, which champions the programme, to be its delegate to the conference held by the National Association for Community Leadership. He was elected to the board of that association, and later became its president.

His voluntary work started to convince him that the US was not facing up to the race question. "It was getting a lot of lip service. But minority representation was seen in terms of raw numbers. People were not directly facing the substance of the division. It was not just a question of black and white, but male and female."

America had not taken on board that the white male-dominated society was no more. "Things were shifting dramatically."

Busbey believes "fundamentally, in fairness." He wants the two sides of Detroit - the

leadership programme participants, Busbey knew that its credibility depended on drawing from the multi-ethnic backgrounds of Detroit.

This year, Busbey staged a one-day session on racial issues for the programme's current intake. The aim was to make people probe their prejudices, but not to make them go away feeling intensely uncomfortable.

It was voted the best session so far in the course. The National Association is similarly being stereotyped. Busbey towards treating race consistently, and he is part of a study group considering the setting up of a national leadership programme.

Giving to the community in money and time is a hallowed American tradition. George Bush in his presidential campaign talked about "the thousand points of light" to illustrate voluntary work. Busbey thinks community involvement tends well with them. What is left is one of the most desolate landscapes anywhere in the world.

Blacks and whites started working together after the 1967 riots. The big motor corporations, headquartered in Detroit, have done their bit on employment with affirmative action programmes. Likewise, the city, the mayor of which, Coleman Young, was one of the first black American mayors.

However, the scars of economic segregation run deep. As a member of the steering committee, which selects the

leadership programme participants, Busbey knew that its credibility depended on drawing from the multi-ethnic backgrounds of Detroit. He does not see that as a reason for abandoning the ideal. "You either throw your hands up in the air, or you make as good a shot as you can at it."

Genius of the Place  
Watts it all about

WHEN LORD ELGIN removed the sculptures of Phidias from the Parthenon in Athens and shipped them to Britain, he was not conscious of any greed or vandalism in his actions. (Elgin was bankrupted by the enterprise, and he saved the marbles from more damage than he caused.) Nor: his declared motivation was that of bringing about a renaissance in British art. If artists in Britain could study and sketch at the feet of Perfection as reached in the fifth-century BC by Phidias, then there would be an efflorescence of artistic genius in this country to match that of 15th century Italy.

And there was indeed one Victorian artist who declared, "I learned in one school only: that of Phidias." And he was duly hailed in his time as "England's Michelangelo".

A soloist which will surprise anyone who knows of Michelangelo but has never heard of George Frederick Watts. A painter.

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# STRUTT & PARKER

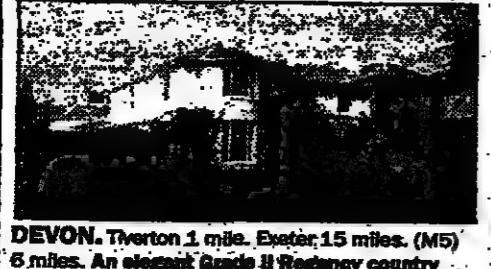
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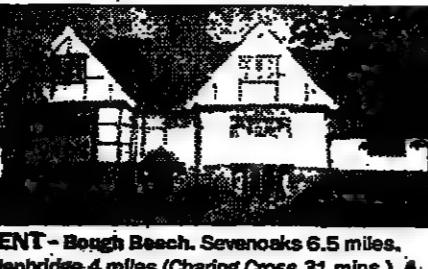
**SUSSEX** - Laughton, Lewes 7 miles (London Bridge/Victoria 64 mins.), Brighton 15 miles. A charming country house in first class order throughout in a totally secluded position on the outskirts of the village with views to the South Downs. 3 reception rooms, kitchen/breakfast room, utility room, 5 bedrooms, 2 bathrooms, study room/bathroom. Outbuildings. Formal gardens with pond. Paddocks. Tennis court. Swimming pool. About 8 acres. Excess. £235,000. Lewes Office: Tel. (0273) 475411.



**ESSEX** - Wickham Bishops. Within 3 miles (Liverpool Street Station 44 minutes). An important and elegant Grade II\* Queen Anne country house beside the River Blackwater, 4/5 reception rooms, 8 bedrooms, 3 bathrooms. Wing currently divided into 2 further rooms. Office potential. 2 bedded cottage. Hard tennis court. Swimming pool. About 7.5 acres. A sale of the wing or main house may be considered in isolation. Substantial offers invited. Chelmsford Office: Tel. (0245) 258201.



**DEVON** - Tiverton 1 mile. Exeter 15 miles. (M5) 6 miles. An elegant Grade II Regency country house in an accessible position with potential for alternative uses. Reception hall, 4 reception rooms, 6 principal bedrooms, 3 bathrooms, 7 secondary bedrooms, 3 secondary bathrooms. Gas central heating. Garage. Outbuildings. Attractive formal and kitchen gardens. Tennis court. Stream. Woodland. Packhorse Lodge. 2 cottages. About 8.5 acres. For sale as a whole or in 3 lots. Exeter Office: Tel. (0392) 215621. Ref. 1A100500.



**KENT** - Bought Beach, Sevenoaks 6.5 miles, Edenbridge 4 miles (Charing Cross 31 mins.). A charming Grade II 18th Century former hall house with views across wooded farmland. Hall, 2 reception rooms, study, garden room, kitchen/breakfast room, master bedroom and bathroom suite, 5 further bedrooms, bathroom and shower room. East house cottage. Double garage. Traditional buildings and timber framed barn. Swimming pool. Gardens & paddock. About 2.75 acres. Region £475,000. London Office: Tel. 01-629 7282.



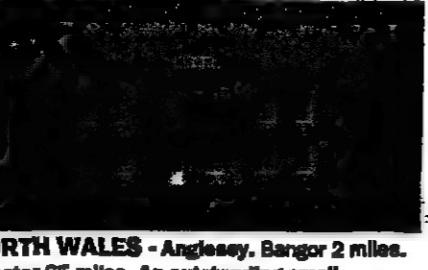
**NORFOLK** - Hardingham, Dereham 7 miles. A fine Grade II house standing in beautiful parkland setting with part woodland/garden. Hall, 4 reception rooms, study, conservatory, 8 bedrooms, 3 bathrooms (1 en suite), billiard room and attic rooms. Range of traditional farm buildings including 16th Century barn. Magnificent wood gardens, parklands and grounds with fishing pond and stream. 2 bedroomed lodge available. About 25 acres. Region £450,000. Norwich Office: Tel. (0603) 617431. Ref. 1A100500.



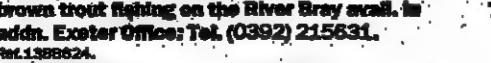
**KENT** - Nr. Canterbury, Canterbury 5 miles. Ashford 10 miles. (M20) 7 miles. A contemporary country house created from a period barn in a superb rural situation with commanding southerly views down the valley. Galleried reception room, sitting room, kitchen, 4 bedrooms, 2 bathrooms, cloakroom, utility room. Gas fired central heating. Double garage. Gardens. About 0.25 acres. Region £192,000. Canterbury Office: Tel. (0227) 451123. Ref. 1A100500.



**NORTH DEVON** - Barnstaple 11 miles. Exeter 35 miles. A first class fishing and sporting hotel with great potential for further expansion, set in lovely Torridge Valley for sale as a going concern. 13 bedrooms, with en suite facilities, 3 reception rooms. Former mill with working mill wheel and pot for corn, 2 self-contained 2 bedm. cottages & p/p for one more. Tackle shop. Lecture room, 230 yds. single bank fishing on River Torridge. Gardens. Grounds. Mill pool. About 3 acres. Region £500,000. About 2050 yds. of single, and double, bank salmon, sea trout and brown trout fishing on the River Bray area. In addition, Exeter Office: Tel. (0392) 215631. Ref. 1A100500.



**NORTH WALES** - Anglesey. Bangor 2 miles. Chester 65 miles. An outstanding small residential estate with a fine Georgian house, overlooking the Menai Strait to the Welsh mountains. 4 reception rooms, domestic offices, 5 bedrooms, 2 bathrooms, 4 attics, bathroom, Outbuildings. Large walled garden, 40 acres of woodland. River. About 177 acres (subject to tenancies on 134 acres of farmland). 3 bedrooms. Lodge also available. Joint Agents: Cooke Wood & Cairol, Bangor: Tel. (0248) 362414. Strutt & Parker Chester Office: Tel. (0244) 320747.



**NORTH OXFORDSHIRE** - A charming group of stone cottages around a spacious courtyard setting in a delightful village environment. The village is situated between Banbury and Oxford, well placed for the M40 and each cottage is completely self contained with its own private garden. Prices start at £63,000 for a 2 bed-roomed cottage to £121,000 for a new three bed-roomed cottage plus garage. Joint Agents: John Clegg and Company and Halifax Property Services. For viewing telephone 0285 271199.



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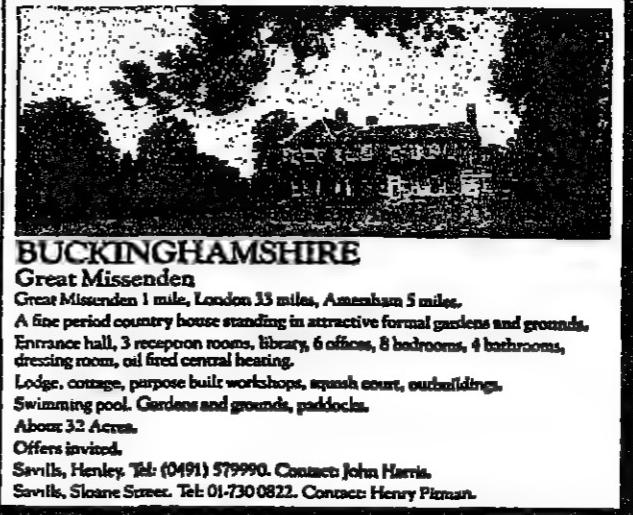
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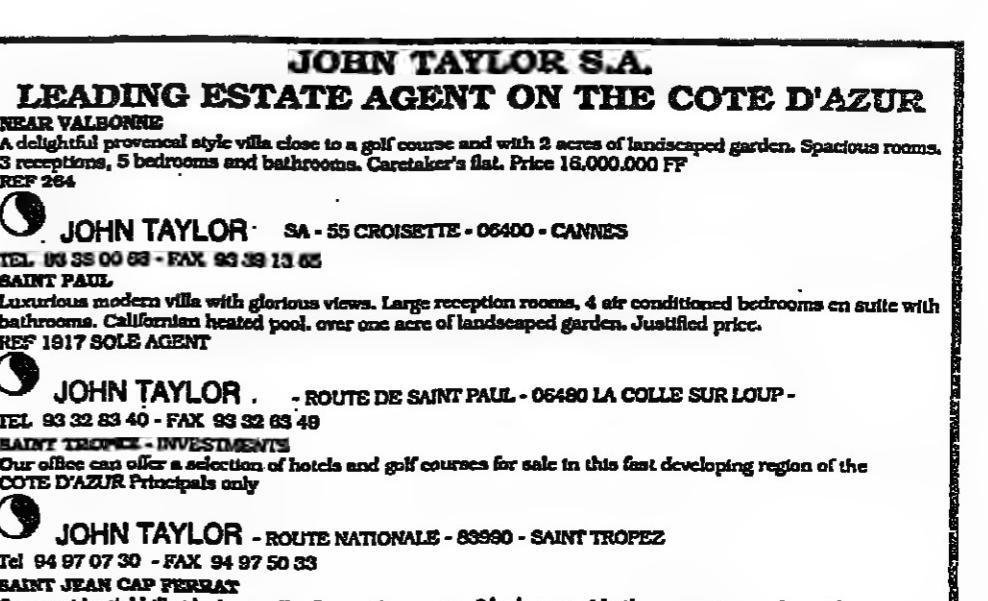
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## FOOD &amp; WINE

## Food for Thought

## Just ripper back in Oz

MELBOURNE AT the height of the rush hour. Our car halted at a road junction in a particularly bleak stretch of the city's outer suburbs. Five minutes in the stagnant traffic were more than enough to take in the rows of carpet warehouses, D.I.Y. centres and hamburger bars.

My attention was far more gripped by the roadside ahead, which pointed the way to Heidelberg and Camberwell: from the sublime to the ridiculous.

At the time, these two suburbs of Melbourne struck me as a useful metaphor for Australian food. Now, with a little more experience, I realise that I must add Earl, Saigon, Salouka and Beirut should I wish to achieve a more comprehensive picture of the eating habits of the average Australian.

Of the 18m or so inhabitants of the island, only just over half of them are the descendants of settlers from the British Isles, one third were born overseas as were two thirds of their parents. It's quite a lot of the new



Australians are the so-called "10 Poms" who bought a one-way ticket from Britain in the post-Second World War years, they have had little or no effect on the nation's eating habits. Much more change has been wrought by the Italians, Greeks and Indo-Chinese.

At the back of middle-Australian eating, however, lies the "Camberwell" effect of the early settlers. Cattle-driving and sheep farming have had an influence on eating habits and look set to withstand the onslaught of the new arrivals. Australians are the enormous devourers of meat.

Lunching at a winery in the Hunter Valley in New South Wales I saw boys consume two or three steaks washed down with watery coffee and tea. The little town of Mudgee, with its population of 9,000, boasts nine well frequented butchers. Australians joke that the way to please the Australian male is to dish him up with a steak large enough to accommodate 16 fried eggs.

The old settlers ate lamb every day of the week - much like the modern Falkland Islanders. Smart restaurants such as Stephanie's, in Melbourne, commemorate the fact by offering lamb shanks on the menu. Unlike the British - or worse, the Americans - the Australians have no fear of offal, even

Giles MacDonogh

**H**ERE IN Britain we drink more Bordeaux than any other country in the world and buy more Bordeaux than any other French wine - about a third of all the districts' exports. So the report on the wine year in the Gironde, the *Vintage and Market Report*, written by Englishman Peter Sichel, is eagerly awaited.

Sichel is proprietor of Château d'Angludet and the largest shareholder in Château Palmer in the Médoc. He is also President of the Union des Grands Crus, which embraces about 120 of the most important châteaux in the region, with the exception of the first-growths which tend to keep themselves to themselves.

The book was first produced soon after the Second World War by Sichel's late father, Allan. Peter has compiled it since 1966. It is always published before the châteaux opening prices of the latest vintage are announced and provides an objective appreciation of that year's wines, particularly the clarets. His views are highly relevant because of the attention surrounding the 1989 clarets.

He makes clear that from May onwards the growing season was exceptional, starting with an average temperature that month "at an astonishing 19.2°C (66.8°F), 4°C (7°F) above normal". The result was that flowering took place three weeks early at the end of May, and in conditions that guaranteed a good-sized crop. Then, after a fine warm summer but with less of a drought than in 1988, "the grapes had attained a degree of ripeness that is not usually achieved until the end of September... and by September 10 even the red harvest was in full swing. This made it the earliest vintage since 1983 (when it began on August 15)... By the time the harvest is usually beginning it was, except in Sauternes, already completed."

A traditional "game" in Bordeaux is to seek similarities between the new

wine and past vintages, although in reality there are no close resemblances. However, the older the exponent the longer the taste memory.

Peter Sichel, although no means old, suggests that 1947 and 1949 seem to be the closest. In 1947 the summer in Bordeaux was over-warm. Acid-short and volatile wines were produced. Yet wonderful wines were made, principally in Pomerol and St. Emilion - notably the famous Cheval Blanc.

Two years later, 1949 was in line for one of the "vintages of the century," but although some splendid wines evolved, again on the Dordogne right bank, and at Mouton-Rothschild, in general they did not develop quite as well as forecast. The 1970 has been mentioned as similar, but not, I hope, accurately, as many of the leading wines remain very tannic after 20 years. Obviously, the highly concentrated, widely-bought 1982 has been quoted, but the report points out that August of that year was a good 2°C cooler and the red wine vintage started on September 18: early but no

record.

As to the actual vintage, "exceptional conditions create exceptional problems." It was difficult to know when to pick. The Merlot grapes were fully ripe in the first days of September, but a sophisticated grower is

## Wine

## High hopes of an exceptional year

Edmund Penning-Rowson rejoices over the 1989 Bordeaux

modest quantities, others made more and too much to ensure the necessary concentration.

Some grapes were picked too soon. "Others, particularly where Merlot dominated, have strong tannins that are not always fully ripe," but the successful wine-makers "have produced wines with a ripeness that is exceptional... Those with a high percentage of Cabernet particularly have a nose of rich, ripe fruit. The palate too has a richness and density full of promise that is sometimes so full of dry extract that it is at present difficult to find definition of individual character or elegance. They are difficult wines to taste."

The very warm weather made it hard to produce dry whites with adequate acidity, but some succeeded. Sauternes surprisingly made an even finer crop than in 1988 and the last in a decade that had earlier made excellent '83 and '84. The '89 whites will be three years.

Sales of red Bordeaux rose from 15.5m cases in 1988-89 to 22.7m in 1978-79 and an estimated 38.8m in 1988-89. For white wines sales rose from 7.9m cases in 1978-79 to 12.3m in 1988-89. In spite of a steady decline in wine drinking in France, the red Bordeaux domestic market has expanded in the 20 years by 21 per cent and the whites by 14 per cent.

But if it is the export market, particularly in the EC, that has really taken off with red wine growing from 3.6m cases in 1988-89 to 13.8m in 1988-89 (up 380 per cent). The increase in white wine exports in ten years has been from 1.2m cases to 7.06m (up 65.6 per cent). The UK red Bordeaux imports have grown in the 20 years from 450,000 cases to 2.3m and the whites from 570,000 to 1.1m.

## Fat-free food can be fun . . . and filling

**A** FRIEND since childhood has always shown great will-power and determination. For the past 17 years he has used these qualities to become a partner in a leading solicitors in the West End, London. For the past 15 months he has also used these qualities to change the way he eats, looks and lives.

Between one day and the next in June 1988, weighing a mere 20 stone, he gave up smoking his normal 40 to 60 cigarettes a day. On January 3 1989 he weighed 23 stone 10lb; the following morning he decided to lose weight and, armed with a calorie planning chart from his GP, his new life began.

Today he weighs 13 stone, has shrunk a full two shoe sizes and has had to throw away not only all his socks but all his old pairs of spectacles as well. His most fervent hope is that, at the age of 38, he has done all this in time.

He could not have done this without his wife's help, nor without increasing the amount of exercise and walking in his daily routine. But although he maintains that the past 15 months have not been difficult, he is adamant that his diet would have been a great deal easier to follow if the restaurants in which he has to spend so much time entertaining clients had been more understanding and co-operative.

As well as controlling his calorie intake and spreading it intelligently over the day his major preoccupation was fat intake. Having learnt that the body can apparently successfully absorb only a teaspoonful of fat a day - more than that and it puts it straight on as fat - low-fat products became a priority, as did certain types of cooking.

Out went cream, butter, eggs and cheese. In came yoghurt, low-fat cheese and fromage frais; no more fried food but plenty of steamed and grilled dishes, and certainly no more of his favourite Saturday lunch: an omelette filled with Swiss cheese and chips. But if it was easy to control what he ate in his own home, how easy would it be in London's leading hotels and restaurants?

The trouble was, what he was asking for goes against any restaurant's *raison d'être*. The major differences between

TIME WAS when chess masters were largely grizzled, middle-aged veterans and the occasional wunderkind was a source of amazement. Prodigy Samuel Reshevsky toured Europe giving simultaneous displays at the age of eight, and Jose Capablanca was No. 1 man in Cuba at 12, but they were unique in their time.

Currently at least half-a-dozen teenage players have become the norm, numbers at the senior end are sparse. It is quite usual for a player in his 40s to be the oldest competitor in the British championship. The reasons are clear: we have six-hour playing sessions instead of four or five, an increasing proportion of open tournaments with competitive entries and no rest days; faster time limits; and sharp and highly specific theoretical preparation which often extends beyond 20.

Given these multiple handicaps, it is remarkable how the best of a resilient generation of grandmasters from the 1940s and 1950s have continued to

pioneer screened on Thursday nights by Thames TV. Judit, 13, with two grandmaster norms and a string of world age records, is potentially the best teenage player ever.

While young talent has become the norm, numbers at the senior end are sparse. It is quite usual for a player in his 40s to be the oldest competitor in the British championship. The reasons are clear: we have six-hour playing sessions instead of four or five, an increasing proportion of open tournaments with competitive entries and no rest days; faster time limits; and sharp and highly specific theoretical preparation which often extends beyond 20.

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eat in a restaurant and at home are the quality of the sauces and the presentation of the dishes. Chefs spend a great deal of time and brain cells trying to perfect their sauces and planning their dishes; that is why when you ask for a dish with the sauce on the side it can look naked and far less interesting than was intended on the menu. It is like going to a top solicitor for advice and getting his receptionist's opinion.

But part of the difficulty has also come from many restaurants' reluctance to change, to listen to their customers and their failure to educate their chefs and their waiting staff. The challenge of offering good, light, healthy dishes, and informing the public of a dish's calorie content, may be for the 1990s what the provision of a vegetarian main course was in the 1980s.

Certain guidelines have emerged: Chinese restaurants are very good as the food is cooked very quickly with little fat and often the waiting staff seem proud to explain just how certain dishes are cooked. Most Indian restaurants are sadly out, thanks to the fatty material, a throwback to ghee, in which a lot of their dishes are cooked. British Airways have been very helpful; British Rail hopeless; Marks & Spencer very good on indicating the fat content of their products, although getting a sandwich anywhere without butter on it remains difficult.

The situation in London is becoming better thanks to American demand and the influence of certain chefs on the Continent, most notably Michel Guérard and Eugénie Bains in France (tel: 68.51.19.01). Some of the most informative restaurant menus are to be found in London hotels catering for the foreign visitor: earlier this year five of the InterContinental's top European chefs met and will soon be putting calorie-controlled items on their menus while the Sheraton Park Tower offers similar information already on its buffet display.

The most interesting menu in London, however, for anyone concerned about their fat and calorie content, and keen to entertain others less interested is at The Terrace Restaurant in the Meridian Hotel, Piccadilly (01-734-8000). Its menu is the result of collaboration between a dietician and Jacques Maniere, a retired top Parisian chef, who wrote *Gourmet Steam Cooking* in 1985. Maniere acts as consultant to this hotel group. Vegetarian dishes are clearly marked as light and calorie controlled. They include, as starters, a wild mushroom terrine or a chicken consomme with no added fat.

Main courses may be roast monkfish

with green peppers, calves liver with orange and fresh herbs, or a chicken breast steamed with a leek mousse. All are reasonably priced - first courses about £5, main courses £10 - attractively presented, tasty and, importantly for anyone conscious of watching what they eat, presented like normal dishes.

The most farms, less surprisingly, offer a great deal of advice and information clearly indicating the calorific content

of their dishes. At Grayshott Hall (tel: 04287-4331) the menus in the restaurant and on the buffet are strictly categorised down to calories per tablespoon. Grayshott offers its own cookbook (£10.95, *Guinness Books*) for further education at home. Fortified with this knowledge my friend can now enjoy a lunch of baked potato and baked beans in his office canteen, aware of its low fat content, while watching the surprised expressions on the faces of his colleagues.

The silver lining for restaurateurs in this story is that the change in this man's diet has not only been quantitative but also qualitative. Thanks to increased exercise and nutritional *sauvage faire* my friend now eats far more than he did 15 months ago. It is the right food eaten three times a day with a great deal of enjoyment and no sense of guilt. Restaurants keen to fill their tables at lunch and again at dinner should take note.

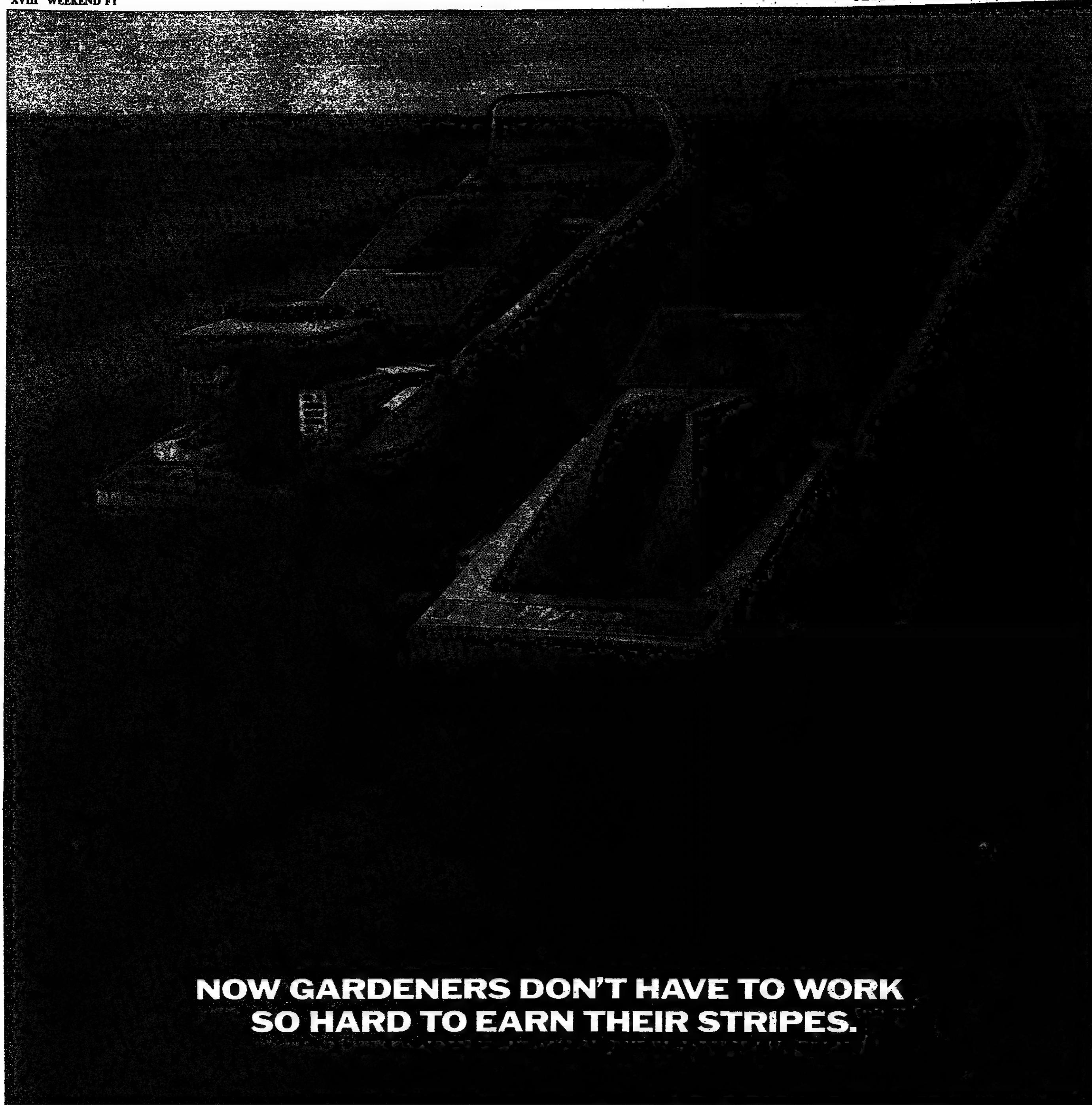
Geoffrey Lander - no relation to food writer Nicholas - after losing 10st 7lb in a year

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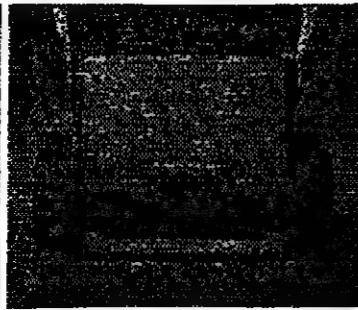
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RE350S	£129.95	35cm	Electric	x	-
420S	£179.95	42cm	Electric	x	-
420S Autodrive	£199.95	42cm	Electric	✓	-
420GL	£259.95	42cm	Petrol	x	x
420GL Autodrive	£299.95	42cm	Petrol	✓	x
RL420 Electrostart	£349.95	42cm	Petrol	✓	✓

The Chevron range makes short work of mowing, with a lighter weight body for easy handling and turbo assisted grass collection, which sucks up the grass and packs it tightly into the box, so you don't need to empty it as often.

You have the choice of push or self propelled, electric or petrol Flymo Chevron. The tough corrosion resistant ABS decks of the petrol mowers are guaranteed for 10 years and are fitted with a superior quality low HP engine, a 3.5HP Briggs & Stratton, which runs on lead free petrol, so your grass can now be even greener. The flagship of the petrol range, the RL420 Electrostart, also

has the added benefit of a key operated easy start as well as self propulsion.

The electric Flymo Chevron 420 range is equipped with a powerful 1500 watt motor and an integral brake system, which stops the blade when the motor is turned off as an extra safety feature.



Turbo assisted grass collection

And every electric Chevron has a 3 year parts guarantee. With cutting widths from 30cm to 42cm, there's a Chevron to suit every garden.

Quick march to your local stockist, and let the Chevron fight your battle for a perfect lawn.

A great finish starts with a Flymo.

## GARDENING/MOTORING

# Reflections on an underwater glasshouse

*Arthur Hellyer admires the latest building in Kew gardens*

KEW GARDENS has a fine new building every bit as innovative and functional as the Princess of Wales Conservatory but, unlike it, not fully integrated into the wider landscape of the gardens. Instead, the Sir Joseph Banks Centre for Economic Botany has been given five acres tucked away in the north-eastern corner of the gardens close to the main gates on Kew Green, between Broad Walk and the high wall which screens the gardens from the Thames. From the entrance gates and Broad Walk it is largely concealed by the old, rather stoic Arundel House, now closed, and by trees from the Braudor Gate entrance. It is even more hidden by Kew Palace.

So, though I approached the new building from the Palm House, and mounted every bit of rising ground in the way in the hope of a distant view of it, I caught scarcely a glimpse until I was almost on top of it, and then it was a complete surprise. It appeared as a high but narrow glasshouse, tightly sandwiched between massive bunkers and plunging straight down into water. Between those great banks of soil and masonry, the glasshouse seemed fragile and the lack of anything more solid than water as a foundation increased this feeling of instability.

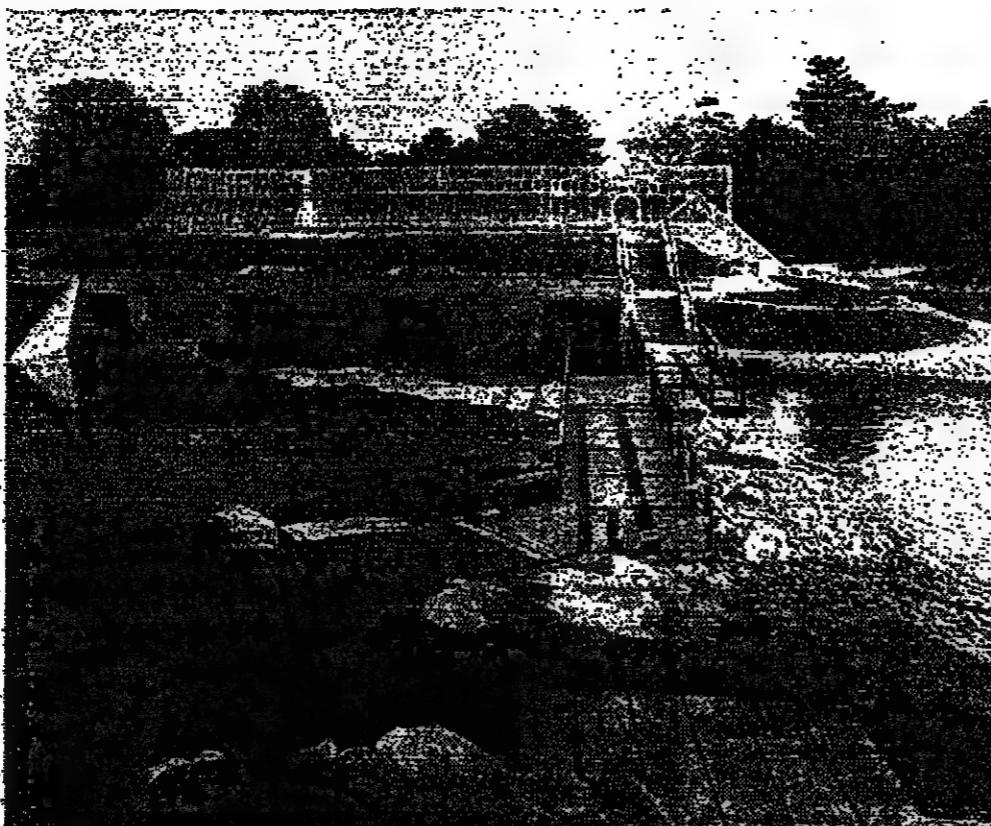
At first I found it impossible to determine where reality ended and reflections took over, or to make out what manner of building, if any, lay below the water level. When I got inside would I be able to descend below the water line and look out into it? I found that I certainly could go down, but that it was into a new environment that had nothing to do with water.

I will not try to describe this remarkable building in much greater detail for this would be difficult and might spoil the excitement of discovering its

ingeniousness for oneself. I will try to explain what it is for and how this has determined its structural innovations. The Centre is to house the world's largest assembly of data about and examples of plants of economic value. It had to provide a great deal of space and it was also essential that it should be possible to control the temperature and humidity. Books, manuscripts, paintings, furniture and fabrics of historic interest, more than 9,000 jars containing small-wood samples, plus a living collection of plants used for food, medicine, clothing and other commodities would all make stringent demands on environmental stability.

The planners identified a solution for all these problems. Put much of the building under ground or build it substantially so that soil could be laid on top of it and the control of temperature and humidity would be made both easier and less costly. The unattractive solidity of such a structure could be concealed by treating it as part of the landscape with terraces, staircases and plants. All these could embrace a glasshouse which would be totally different in every imaginable way and would provide normal conservatory conditions for living plants in need of protection and also include an attractive concourse for staff and visitors.

The next step forward was to realise that further economies in maintenance could be effected by sinking bore holes seven metres into the very wet subsoil and using heat transfer pumps to move heat in and out of the new buildings as necessary. It is the same principle as that of the domestic refrigerator but is reversible. It is by no means new and in some countries has been used extensively and with great success but the capital cost is high. This large installation at Kew will be watched with great interest, not only by horticulturalists but by all concerned with the



Tucked away: The Sir Joseph Banks Centre for Economic Botany, Kew gardens

temperature control of large buildings.

Neither money nor expertise has been spared in the construction of the Sir Joseph Banks Centre. The total cost is £3.4m and the design was the subject of a competition held eight years ago. It attracted 270 entries and the winners were Manning Clapp and Partners of Richmond-on-Thames. The Property Services Agency which took complete control of the extensive repairs to the Kew Temperate House, the rebuilding of the Palm House and the design and construction of the Princess of Wales Conservatory, has been in charge of the Sir Joseph Banks Centre from the outset.

Gardeners will be particularly interested in the land-

scaping of the five-acre plot, which has almost entirely to the west and north of the building and makes a complete unit on its own. It has two lakes spread out like the wings of a butterfly around the west and south sides of the building but the one nearer the Thames is lower by several feet so that water can cascade from one into the other. It makes a fine bustle of water and a couple of fountains add to the movement, although personally I would welcome higher jets. A rather solid walk-way leads from the Centre over the cascade to a massive piece of rock-work which I find the least attractive in the whole garden — too heavy, solid, white and artificial. Maybe it will improve with age and weather-

ing. The flat roof of the building on this northern side is laid out as a formal herb garden and also looks rather raw at present but will undoubtedly become very attractive as the plants fill the beds. The same is true of the steep banks of soil that cover so much of the buildings and are themselves rapidly covering with plants. In the surrounding garden, at normal ground level, there has been good planting of trees, shrubs and herbaceous perennials, the last mostly used in bold drifts. All this needs a little more time to become established before its effectiveness can be fully assessed but it looks very promising, which is precisely what one would expect at Kew.

## Green goddess strikes in a garden out of time

**T**HIS YEAR, the timing has gone mad: we now have roses showing colour and sheets of flower on the big pink and white clematis of late May. The fritillaries in Oxford's Addison's Meadow have been flowering by the thousand, in case you want an excuse: they will have to manage without me, as I am looking to Easter to see me out of a tight corner.

I am not the only gardener who is caught in it: those of you who are tempted in the garden centres this weekend to buy seedlings of rose bushes, including paving stones, granite + york sets, pavers and ironmongery, bricks, tiles, garden statues + furniture, also several hundred fireplaces, doors, glass + brass, etc., etc. etc. etc.

Tele: 0171 225 0216, 2260 or 2264 Grange Farm, Grange Road, Tongham between Guildford & Farnham, Surrey off A31 (Hog's Back).

**RAVENINGHAM GARDENS**  
Specialising in variegated plants and shrubs including rare and unusual varieties of English, Classic, Agapanthus, Pelargoniums, Sowstraw, Hostas, Rose and many others. Garden centre open daily. Tel: 01603 710000. Open 10am - 5pm. Closed Mondays. Tel: 01603 710000. Open 10am - 5pm. Closed Mondays.

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0273 494192.

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718. Open Only 10am - 5pm. Extensive range of plants on show.

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ESTATE AGENTS  
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PROFESSIONALLY DESIGNED TO  
THE HIGHEST SPECIFICATIONS

Tel: 0285 722 227.

The Gardeners' Page  
For further information  
Please call

James Burton 01-875 8322  
or  
Jane-Eve Penfold  
on 01-875 4564

MY FIRST hand today comes from the final of the Olympic Teams:

N  
♦ Q 9 7 4  
♥ K J 3  
♦ A 9 3  
♦ K 8 2  
W  
♦ A 10 8 E  
♦ Q 4 2  
♦ K Q J 6  
♦ Q 7 3  
S  
5 3  
♦ A 10 9 8 7 6 5  
♦ 2  
♦ J 5 4

With East-West vulnerable, North deals and opens with

BRIDGE

one no trump, and South's weak take-out of two hearts closes the auction. West has no convenient bid over two hearts, but East should reopen with a double at his second turn.

West leads the diamond king. Declarer wins with dummy's ace, ruffs a diamond, and plays the three of spades, covered by eight, nine, and knave. East leads another diamond. South ruffs and plays the five of spades to 10, queen, and king. East is not well placed but returns the two of spades. South ruffs, West's queen drops, so the seven is established as a winner.

Declarer is now pretty sure that West cannot be void of hearts, so he makes his ace, takes the marked knave finesse, and cashes the king. The spade seven provides South with an overtrick.

This exploratory line of play is surely the best. The declarer does not touch trumps until the opponents give him some

clue to the distribution. The well-known champion who played the hand failed to spot this line.

By cashing the heart king prematurely he went one down, to earn a niche in the Hall of Shame.

The second hand is from rubber bridge:

N  
♦ 6 5 4  
♥ A J 5  
♦ A K J 10  
♦ A K 4  
W  
K J 8 E  
♦ 9 8 7 6 ♦ Q 4 3 2  
♦ 8 2 ♦ 9 7 6 4 3  
♦ Q 10 6 2 ♦ 5

S  
♦ A Q 7 2  
♦ K 10  
♦ Q 5  
♦ J 9 8 7 3

South dealt at game to North. South opened the auction with one club, to which North replied with one diamond.

When South rebid one spade,

## BRIDGE

He cashed the heart king and South surveyed the position. He played dummy's knave, the queen covered, and the king won the trick.

By this manoeuvre South had created an extra entry in his hand which could well prove vital. Crossing to the ace of clubs, South returned to his diamond queen, led the nine of clubs, and ran it when West played low.

He cashed the club king and now he had two entries back to hand, one to establish the fifth club, and one to enjoy it.

Full marks to declarer. Not only did he operate a safety play in clubs, but by his skilful foresight at the first trick he was able to benefit from it. How many Souths of your acquaintance would have made the little slam?

E. P. C. Cotter

## Two's company, but four is more fun

**T**HERE ARE four-by-four's galore, though

the choice is very limited if you also want automatic transmission. I know of only seven two-pedal 4x4s; the Audi V8 (not yet on sale in Britain though coming soon); Range Rover, Suzuki Vitara; and four Subarus — the little Justy, the well-established 1.8 saloons, estates and XT Turbo coupe and the new Legacy sedans and estates.

Of these, only the Audi V8 and the Subarus are road-going cars: the high-slung Range Rover and Suzuki Vitara, though car-like inside, are designed to be off-roaders even if they ever get mud on their tyres.

Bar the Justy, all have

full-time transmissions, which means you get the safety benefits of four-wheel drive constantly, without having to pull levers or press buttons. Subaru has come along way since it first brought 4x4 cars to Britain more than 10 years ago. Then they were tough and practical countrymen's cars, plastic seated and rubber-matted.

They had 1.6 litre, flat-four "boxer" engines and were surprisingly competent on what had until then been regarded as Land Rover territory. You could keep them going in deep mud or snow or up slippery slopes that would stall any normal car.

The Subaru Legacy 2.2 GX 4WD saloon I have been using for the last few days has moved far up market. It still has a boxer motor but it is a 2.2 litre with fuel injection and four valves per cylinder, putting out a lusty 134 horsepower at 6,000 rpm and pulling hard from 2,000 rpm.

— so called because the cylinders are horizontal and the pistons move toward each other, like pugilists' fists — the engine has a distinctive beat at low revolutions but spins up to high speeds with great smoothness.

The ride is flat and when I drove it five-up, rear seat passengers made complimentary

remarks about comfort and space. The boot swallows two sets of golf clubs and trolleys with lots of room to spare.

Fuel consumption (unleaded)

is averaging 24-25 mpg (11.7-11.3 l/100 km) for a mix of town driving and longer trips. The Legacy feels relaxed on the motorway and nimble on twisty minor roads. Even on low-grip surfaces one can use full acceleration without provoking wheel-spin.

Shift the selector lever into "L" and it stays in low up to 6,500 rpm, at which it changes up and down at sensible engine speeds. Move a switch to power mode and changes are made at higher revolutions.

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## BOOKS

# Pen and sword

**Anthony Curtis** on a newspaper book that has everything — except art

**N**EWSPIERS ARE curious entities. In spite of countless economic surveys and academic studies, no-one fully understands how they operate. What does soon become clear to anyone who works on a great newspaper is that it has a curious will of its own which, at certain crucial times, prevails over that of any individual member of the staff, however powerful, even the editor or proprietor.

There are several striking instances of this self-determination in the history of the *Daily Telegraph* and its sister, the *Sunday Telegraph*, which Duff Hart-Davis tells with a deeply pen in *The House The Berrys Built* (published on Thursday). At the book's tragic climax we see the paper decide that the time had sadly come for its owner and editor-in-chief, the seemingly invincible and unsackable Lord Hartwell, to be forced to stand down, and for an entirely new regime of younger men, with an editor who had total freedom of manoeuvre, to replace the old patriarchal structure.

It all happened "entirely against the wishes of" the owner, his closest colleagues and advisers, and the journalists; but nonetheless it happened, decisively and irreversibly. It could indeed, as Hart-Davis makes clear, have been avoided, through more openness about the company's financial position and more precise projections as to the cost of its move to Docklands.

At least one member of staff, Andreas Whittam Smith, the City Editor, later to start his own paper, presented his chief with a four-page memo outlining a feasible way out of the difficulties through an ingenious use of the Business Expansion Scheme and a share in the ownership by the paper's readers.

One of the owner's sons, Nicholas Berry, chairman of the publishers Harriets, attempted an 11th-hour rescue operation with Australian money to prevent control of the family empire built by his grandfather falling into the hands of the Canadian entrepreneur Conrad Black.

But it was all to no avail. The "demon of the Telegraph" had the baby with the bathwater.

**THE HOUSE THE BERRYS BUILT**  
by Duff Hart-Davis  
*Hodder & Stoughton £16.95.  
368 pages*

had decided that the House of Berry, like the House of Atreus, should suffer a terrible reversal and a new ruler take over before prosperity was restored to the city. It is impossible to read Hart-Davis's final chapters, told with all the pace of a practised writer of thrillers, without being reminded of Greek tragedy.

He outlines the various factors in the circulation dwindling still at 1.2m, well below the magic 1.5m mark, a fall in classified advertising revenue, a change in the law relating to VAT charges, a wildly inaccurate estimate of the cost of the move and the implementation of the new technology, and a correspondingly wildly over-optimistic forecast as to the point when the turn around in profits would occur — these were all present among a formidable concatenation of causes that precipitated the final crisis.

Hart-Davis describes the onset of that crisis at the crucial meeting in New York: Lord Hartwell, H.M. Stephen, Hugh Lawson, Rupert Hambro (to advise Black) and Patrick Docherty from Rothschild, all boarding the same Concorde on a mission to raise £10m.

Even at this grave moment a touch of comedy is not lacking when Hartwell asks Lawson why he is doing *The Times* and not the *Telegraph* crossword, and Lawson replies truthfully "because it's so terrible."

Nothing funny though about the outcome of a meeting at which Black agreed to raise the required sum for a private placing of shares in the company but "he would have to insist on being granted preemptive rights in any issue of new shares, or any sale of existing shares, should the company need to raise further funds."

At once, and without hesitation, Hartwell said clearly: "I don't think we can read that." At that moment it was really all over. He had given away the baby with the bathwater.

These three volumes reveal,

## The shame of 'some of us'

as could no other history, that the inadequacies of Allied command were redeemed by the ENIGMA code-breaking operation and the contribution which it made to Allied victory at sea, in the field, in the air. These three volumes reveal,

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## BOOKS/ARTS

## Fiction in Translation

# A cruel glint of local colour

**B**EACHED IN Palermo in 1787 Goethe wrote home: "To have seen Italy without having seen Sicily is not to have seen Italy at all. For Sicily is the key to everything." In our century, no-one has thrown open the door on this craggy, confused island wider than Leonardo Sciascia. Like his previous work, "Death of an Inquisitor" and the other stories in this new volume transport you there instantly. The colours are harsh and stark, the people mostly ignorant, pugnacious, desperate; terror of the ruling clique dictates silent complicity among those ruled.

Usually it is the Mafia which controls the moral heartland of a Sciascia's story. Here we go back a few hundred years to the heyday of the Inquisition, to a squalid collusion between Church and State and oppression of the poor. In the title story, Fra Diego, an enlightened priest, is subjected to 14 years of torture and imprisonment — during which he strikes and kills one of his tormentors with the iron maces that bind him — before being burnt alive. In the other major tale, "The Captain and the Witch," a superstitious manservant is persuaded to confess to witchcraft and is then strangled and burnt.

In Ian Thomson's rigorous and unfaltering translation, all the tales reverberate with the ghoulish thrill of the detective story, a genre Sciascia revels in turning its head as each investigative step leads not to guilt exposed and punished but to injustice upheld and truth perverted. The chink in the Voltairean hope that rationalism may yet improve man's lot, but for Sciascia the politician these Sicilian tales are fables about the degrading nature of power. No-one with a sense of history would want to miss them.

Far hangs over Henri Troyat's "An Act of Treachery" like a stray cloud on a fine day: something glimpsed, hardly admitted, but menacing nonetheless. Vincent and his older sister Valerie live in that favourite haunt of French romantic novels, occupied Paris. Unsuspecting of their politics, both do well out of their parents' snobby restaurant, whose clientele includes high-living Nazis and collaborators. Then Valerie falls in love with a Resistance worker and Vincent, lonely and inflamed by jealousy, is approached by collaborators and offered what looks like the chance to win her back.

Forty years on, an ageing Vincent narrates this slim,

simple story. Unhurried, accurate, fastidious, he slips smoothly between the past and the present, entices you to taste the horrible sweetness of nostalgia only to plunge into the depths of guilt, reliving his personal dilemma like a dog picking over old bones. For all its grave themes, his novel is an easy read, competently translated. But avoid the blurb — it reveals the entire plot in a throwaway line.

"The Wager" appeared in Brazil in 1986, the last of nine novels by Machado de Assis, who died the same year. Alres is a wily retired diplomat who knows better than to hog the limelight for long and soon resumes his position in the wings. As a narrator, he is an ironist in the Shandyeque tradition — detached, irrepressible.

**D**EATH OF AN INQUISITOR AND OTHER STORIES by Leonardo Sciascia Carcanet £12.95, 186 pages

**AN ACT OF TREACHERY** by Henri Troyat Aden Ellis £12.95, 172 pages

**THE WAGER** by Machado de Assis Peter Owen £11.95, 165 pages

Ibly loquacious, a perfect front for authorial fun and games. It concentrates on the "series" paintings of the 1880s, a period which he devoted to portraying the same image at different times of the day, under contrasting weather conditions; in changing seasons. It was an original idea which by the end of the century had established Monet's reputation not only as a great artist but as a great chronicler of France.

Machado de Assis writes with a Balzacian energy and detail, and his gallery of wealthy Rio families, their minor intrigues, society weddings and group outings to the cemetery lull one into assuming his Rio to be just another 19th century European capital that happens to be on the other side of the Atlantic. But of course Rio isn't and wasn't a European city, and the delight and surprise of Machado de Assis comes from the sudden assault on his own civilised and well-mannered veneer, as 1888 is revealed to be the year not just of the temptations of a young woman and the rivalry of a number of professional gentlemen for her hand, but the year of the abolition of slavery, of trouble on the plantations and change to the very source of wealth which enables these people to live as they do and this novel to be written as it is.

The power of music to "spirit" a language is surely acknowledged. Across the world a generation of young people has been learning English from an invading wave of popular music. Given that English had a head start as the language of Shakespeare, it is a shame that it has never acquired the same dominance in the world of classical music. Still, there has been a trend in the right direction since the war, with a revival of interest in the music of the English Renaissance and the rise of a new generation of composers who set English texts with distinction.

The chief glory of this tradition is still Purcell. In three centuries no other composer in this country has surpassed his gift for making music live and breathe the rhythm of poetry. Every line of *Dido and Aeneas* is alive with expression and the new recording of the piece from Trevor Pinnock (DG 427 524-2) can hardly fail to engage the listener's sympathies, even though it is not the best that we have had. Pinnock's direction lacks rhythmic decisiveness and the Dido of Anne Sofie von Otter is rather cold and unmoving.

An *Empty House* is quieter, more self-consciously structured. Its theme is almost the opposite of self-pity. Sepha spends the war successfully evading capture by the Germans. The rest of her family is not so fortunate. She marries a gentle, a resistance-worker called Mark. It is not an ideal union, there are infidelities on both sides, but the partners move by instinct and fear than by desire or negotiation, stick together and slowly bonds are

reinforced.

Sepha knows that if she is to survive she must turn her back on the past. She spends much of her time looking out of the window, but this is not an altogether idle occupation. "Sometimes a view can compensate for the inside," Sepha comments matter-of-factly. To this is her counterpart, another mature Jewish orphan called Yona, who cannot look outside herself, and posthumously falls victim to the Holocaust; unable to come to terms with the loss of her family, she throws herself from a train. It is left to Mark, now a journalist, to give Sepha the news of her friend's death. This creates a subtle ambiguity. Surely she could have done more for Yona? Yet at the same time she experiences relief, for it is Yona who has steadfastly kept the past alive in their conversations.

Minco's method is to build by blocks, snapshots taken at three different intersections of her heroine-narrator's life: 1945, 1947 and 1950. By tricks like these, the trauma can be distanced, but never fully anaesthetised. Like *Sunken Red*, *An Empty House* also records how evil lingers on.

Justin Wintle



A detail from Monet's *Grainstacks (Mid-day)*, painted in 1890

## Massed ranks of Monet

**B**OSTON IS the place to be at the moment for viewing — and not the original 30; 11 of the 24 views of poplars; 10 of the 30 images of Rouen Cathedral; and a magnificent nine of the 10 in his first series set, of the Creuse valley. The only important group under-hung is the Japanese bridge in Monet's garden at Giverny, five of the 15, but the loss is manageable, since this is such a familiar image and belongs to a later period when Monet was less experimental and given more to pure decoration.

Boston's task was made slightly easier because Americans were among the keenest buyers of Monet in the 1880s and the Museum owns 33 of his works, more than any gallery outside Paris. It is confounding attendances to a total of 450,000 and sells the \$3 tickets in advance for particular admission times. The same procedure will be adopted when the show comes to the Royal Academy in London in the autumn, thanks to a \$2m sponsorship from Digital.

So you get in the main that rare happening — an exhibition which makes a good stab at looking how the long-dead artist intended it to be seen. Undoubtedly the impact of the whole is greater than the sum of the parts, although some "series" make their point more powerfully than others. For there is a didactic behind the work. Monet had earlier been painting scenes of modern life — such as railway stations, factories. Now he switched from reality to conveying and stabilising the spirit of France, a spirit undergoing self-doubts in the 1880s when the Dreyfus Affair split the country.

This ideological message is most obvious in the paintings of poplars, the trees

adopted at the Revolution as a symbol of liberty, and planted to reduce flooding, to stabilise the land. In addition rows of poplars represent an enduring image of France and are also an important cash crop for farmers.

By the end of the decade Monet was showing his disillusion with France and widening his horizons. The four views from his room at the Savoy Hotel in London represent a retreat from evoking kinship with the land towards painterly virtuosity, a tribute to Turner out of Corinth. Then there is the long retirement at Giverny, and the hundreds of paintings of his garden and the lily pond. Like Voltaire the 60-year-old Monet has done with the world and is content to cultivate his garden.

A hundred yards away from the Museum of Fine Arts is the Isabella Stewart Gardner Museum. Observing the gaps in the collection after the theft gives credence to the existence of that unlikely character, the mad millionaire collector, salvaging over his stolen art in some hidden basement.

For the thieves made odd selections, taking certain pictures while greater works alongside were left — five small Degas drawings missing, while a Michelangelo inches away was undisturbed; the Vermeer on one side of a display screen taken, the Giotto on the other passed by. Also the demented collector seems to have a penchant for Dutch art — three Rembrandts were stolen while works by Raphael, Botticelli and Titian remain, glowing like gems in a magical setting.

Antony Thorncroft

(425 689-2), he is simply irreplacable.

At every hearing these recordings reveal new depths and the operas gain in stature. If I was forced to pick one, it would be *Death in Venice*, a score of intoxicating beauty which has never had its due, but it goes without saying that they all deserve to be in a serious opera-lover's collection. With each opera accommodated on to two CDs, there is no financial reason why they should not be.

Finally, a welcome first recording. Britten wrote the cantata *The Company of Heaven* (425 686-2), Alfred Deller leading the Taverner Consort under Andrew Parrott (EMI 7 49635-2). The style here is lighter and a touch more academic and musical than the reverse side of the LP there is a scalding performance of the scene in English from *Hercules*, in which line after line burns its way into the memory. Unfortunately it goes without saying that the amount of articulate and probing singing they contain.

Baker again, a noble heroine in *The Rape of Lucretia* (425 686-2), Alfred Deller leading the Taverner Consort under Andrew Parrott (EMI 7 49635-2). The style here is lighter and a touch more academic and musical than the reverse side of the LP there is a scalding performance of the scene in English from *Hercules*, in which line after line burns its way into the memory. Unfortunately it goes without saying that the amount of articulate and probing singing they contain.

Meanwhile, the independent British company Hyperion is in the process of recording all the Odes with the King's Consort under Robert King and their series has now reached the rich and impressive *How Bright Cecilia* (CDA 68249).

This is an enjoyable disc recorded in an ambience of appropriate majesty and featuring another outstanding example of Purcell singing the counter-tenor James Bowman who forges words and line into a deeply expressive union.

It may seem a bit of a cheat to include the reissue of Janet Baker's renowned Handel disc (683-2). Although the recorded balance sounds too close and the standard of the solo singing is variable, the disc does have two of the outstanding Purcell singers of the day in the counter-tenor Michael Chance and the tenor John Mark Ainsley.

Their ability to light upon a phrase and colour it with expression is what is missing from the comparable release from the Taverner Consort under Andrew Parrott (EMI 7 49635-2). The style here is lighter and a touch more academic and musical than the reverse side of the LP there is a scalding performance of the scene in English from *Hercules*, in which line after line burns its way into the memory. Unfortunately it goes without saying that the amount of articulate and probing singing they contain.

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## ARTS

**T**HE LATEST "Painting in Focus" at the National Gallery is the little *Winter Landscape* by the German Romantic painter Caspar David Friedrich. In fact, the exhibition has been staged to let the public assess the relative merits of two of Friedrich's *Winter Landscapes*, while the absence of yet a third snowy scene makes an unscripted comment on the interesting times we live in.

In 1867, when the National Gallery bought *Friedrich's Winter Landscape* it became and looks likely to remain the only work by this haunting, enigmatic artist to enter a British public collection. The painting's existence had only become known a few years earlier when it was discovered in the collection of a Russian prince who died in exile in Paris. Its discovery cast a shadow over a *Winter Landscape with Church* which hangs in the Museum at Darmstadt since 1940.

Until the Paris version's discovery, the Darmstadt landscape had been assumed to be the typically atmospheric work which several members of the Dresden artistic set had admired during 1811, when they had called on Friedrich in his studio. The artist was then at the height of his short-lived fame, patronised by Goethe, admired by the intelligentsia of Dresden, and bought by the royal families of Saxony, Prussia and Russia.

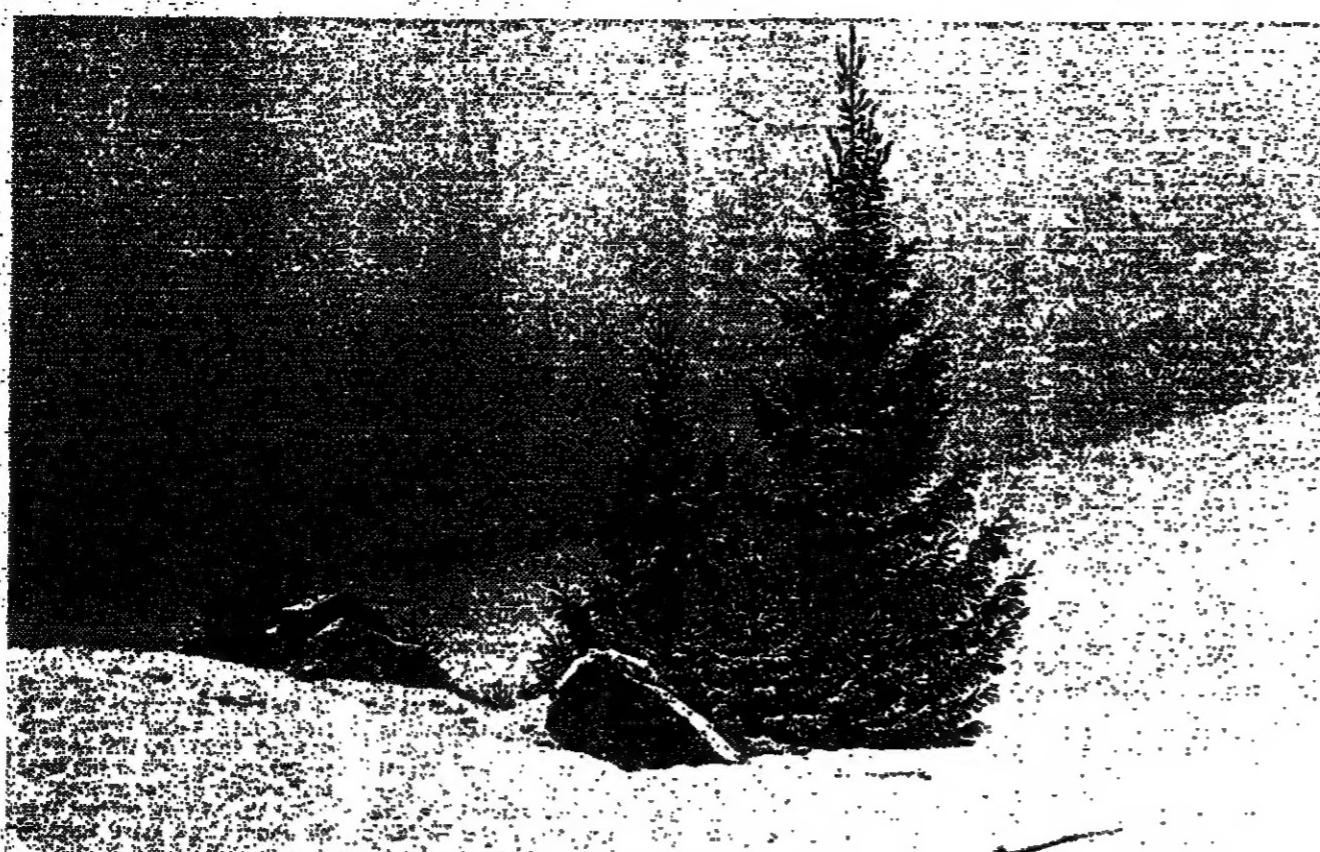
A portrait of Friedrich painted in that year by a young admirer, G. F. Kersting, is included in this exhibition. It shows the artist at work in his spartan studio, key in the door — which we are no doubt meant to interpret as locked — the bottom shutters of the window fastened against trivial, mundane distractions.

Friedrich is staring with rapt attention at the canvas on the easel, one of his drying, spray-filled views of a mountain torrent. Kersting was trying to convey the older painter's belief that painting landscapes must essentially be a spiritual exercise. Friedrich was a painstaking draughtsman, as we see from tiny sketches from the Ashmolean. These notes from nature could, he explained, only be expanded into a full-blown hymn to the divinity of creation if an artist reached deep within himself and painted the image he perceived with "the inner eye" of the spirit.

In the circumstances, it is distinctly generous of the Dutch museum to lend its *Winter Landscape* so that the

## Friedrich in finer focus

Patricia Morison sheds new light on an enigmatic painting



An exercise in symbolism: *Winter Landscape* 1811 by Caspar David Friedrich

National Gallery can make its case publicly, not just to have the earlier and better version but also to show the scientific evidence which strongly suggests that the Darmstadt version could not be by Friedrich.

At a quick glance, they appear to be identical. In the mid-ground are a group of boulders and a tall wooden crucifix lapped round by the branches of three pine trees. Across the grey wastes the ghostly yet precise outline of a Gothic cathedral materialises out of a serene evening sky, which glows more pinkly in the London painting than in the German original.

Differences visible with the naked eye offer an interesting comment on Friedrich's aims. The Darmstadt painting does not show blades of yellow grass appearing through the snow. It is a significant omission, which suggests a carefree copyist who did not know, or perhaps care about, Friedrich's

in distinct generality of the Dutch museum to lend its *Winter Landscape* so that the

avowed symbolism. Fir trees, which look equally large in *Cross and Cathedral* in the *Mountains from Vienna*, were a symbol of ever-green faith. The spring grass no doubt betokened eternal renewal and the gateway by the cathedral, also missing in the Darmstadt version, suggested entry into a new life.

*The Winter Landscape is clearly a devotional work, for Friedrich was a devout Lutheran\**

The *Winter Landscape* is clearly a devotional work, for Friedrich was a devout Lutheran. However, the meaning is more ambiguous than it seems at first sight. At the foot of the crucifix sits the tiny figure of a yellow-haired man, hands joined in prayer as he gazes at the figure of Christ. Two crucifixes he discarded on

the snow. How, one wonders, has he reached the rock without his crutches? Did he crawl or walk, and, if a miraculous healing has taken place, should not be kneeling instead of sitting propped against a rock? A Catholic artist, steeped in an artistic tradition of representing miracles, would have left no shred of ambiguity. Fried-

rich, a Lutheran, may have shied away from such out-and-out supernaturalism. There is another, more spiritual miracle in the vision of the Gothic cathedral, which the viewer is perhaps meant to see as a symbol of salvation waiting for the cripple at the end of life's arduous pilgrimage.

So why is the Schwerin picture not in the exhibition? It went to the major Tate Gallery exhibition of Friedrich in 1972. According to John Leighton, curator of the current exhibition, the East German museum

is nervous that persons unknown may claim to be the *Winter Landscape's* rightful owners. We are in tenuous waters. The Schwerin painting appeared mysteriously in the Ministry of Finance in 1941, a time when many works of art were being confiscated from Jews. The National Gallery's disappointment has raised what Leighton calls "a very thorny problem" — the possibility of a tangle of competing claims to works of art as the German frontier dissolves into Friedrichian mist.

Visitors to the exhibition, which runs until May 28, should also find *The Friedrichsgruft* Berlin by Edward Gaertner (1801-77), Biedermeier Berlin's equivalent of Canaletto. This new acquisition is the second step in the National Gallery's plan to acquire German 19th century paintings, neglected in this country due to a lingering cultural bias against things German since the First World War. As I recall, after Durer and Cranach the syllabus at school leaped straight to the Blaue Reiter and Kandinsky.

Anyone conscious of a gap in the centre of their cultural map would do well to read William Vaughan's *German Romantic Painting* (Vale, paperback, £16.95), which takes Friedrich as the lodestar of German Romanticism. In the late '80s and '90s, Friedrich was admired by adolescents of my generation for his frock-coated characters looking fashionably alienated in hallucinatory landscapes. In Vaughan's well-written book, Friedrich emerges as a clever, cranky fellow, a democrat and ardent nationalist. The Prussian soapmaker's son, resentful of foreign influence and mystically devoted to the German forest, is an artist who offers rich food for thought.

This month is the last chance to see *An Artist on the March* at the National Army Museum in Chelmsford (until April 28). Frank James was an officer on the daring Abyssinian Expedition of 1868, launched to free British hostages seized by the King of Abyssinia. On Easter Monday, after the most grueling march from the coast, the Imperial troops stormed the fortress of Magdala and released the hostages. Topical apart, Frank James's water-colours of troops and elephants in fight places have considerable verve. The book produced by his descendants (£7.50, from the Museum), should not be missed by anyone who dreams one day of exploring Ethiopia.

Ravel's *L'Heure espagnole* and Puccini's *Giacomo Giacinti*

provide the Opera North Spring Season with a choice double bill. As has already been proved on more than one stage, these two one-act masterpieces can add up to a highly enjoyable short evening of operatic comedy. Their common features are plots turning with delicious smoothness on the pivot of human desire (in both works rather base, and in both outwitted and rewarded in equal measure, to the audience's great satisfaction), and scores of superlative fine working filled to the brim with fertile invention.

The livelier and more stylish the performances, the less time one has to notice all the felicities of detail. On Thursday in the Grand, Leeds, the success of the two productions was therefore unarguable. In each case the score was used to float an experience of feather-light operatic comedy, and it was only afterwards that one fully registered all the exactly weighted and placed skills involved therein.

The shows, by the actor and theatrical director Martin Duncan in the designs of Tom Cairns, look marvellous. Mr Cairns, whose operatic work with Tim Albery (in Leeds and London) has already proclaimed him a master of stage textures and perspectives marrying modernity and tradition catches the clean-lined wit of both scores with effortless elegance. Each is built by a ravishingly chic introductory drop-cloth; Ravel's Spain is given a touch of cool 1980s chic (the real thing, not some King's Road counterfeit), with a delicate hint of the saxy provided by the clocks suspended from the flies. Puccini's Florence is suggested by the blue light that regularly floods Buoso's death-chamber.

The stage space is always economically manipulated. The farce of *L'Heure espagnole* is built on exact observation of character. Each of the quintet is a sharp, true sketch, not (as so often) a marionette: Louise Winter's Conception, at once lustrously and absurdly full-bodied and full-voiced;

Harry Nicoll's Gonzalve, a charmingly dotty imp in a flamenco dancer's suit; Andrew Shore's Don Inigo Gomez, rotundly quivering in spasms of mad lust; Jason Howard, a splendidly lusty, dark-voiced muleteer (rather more apt in physique than usual); Paul Wilson, making much of little as Torquemada. As in all well-made farce the application of comic pressure is logical; there is, as there should be, a complete avoidance of coarseness and japerie.

The production of Villa Tunnard's savoury translation proves that French operas can be tellingly put across in English. Edward Downes's *Sacred* translation comes over with attack no less forward. One occasionally notices that the ensemble of Anglo-Saxon voices denies Puccini's singing lines their full measure of colour, but at least there is never any resort to the sort of *Carry On Schicchi* that can make this opera such a trial in British theatres.

Tight focus is assured by Shore's brilliant account of the title role: the man-of-the-people exactly shaded in, not caricatured, the razor wit and merciful brain delivered without a hint of softening sentimentality. Juliet Booth (a fresh, affecting Lauretta) and David Maxwell-Asherson (a highly promising, not quite "finished" lyric-tenor Rinuccio) give pleasure. Linda Ormonde (Zita) leads the mob of greedy relatives. The polish of the group playing is emphasised by the size of the theatre — no need here for semaphored routines and bouts of wearisome mugging and face-pulling.

This is David Lloyd-Jones's farewell showing as Opera North musical director. The start of the Ravel sounded a little hefty and unatmospheric. Happily, that was to prove the exception to the evening rule of excellent orchestral playing gauged to set the pace of both comedies with unforced expertise. The whole company seems in peak form just now. The conductor's share in this achievement is large indeed.

Max Loppert

## As You Like It



Sophie Thompson and Jerome Flynn

## Discomforting Pericles

The transfer of David Thacker's RSC *Pericles* from the Swan to the Pit seems for once wholly appropriate: here is a production (designer Fran Thompson) which takes its colour from the murkier depths of human experience — the grey-faced starving of Tarsus, the sullen-brown of Mytilene and, whirling its principal characters from one ordeal to another, the black whomp of storm water which symbolically robs and restores.

It is an odd, uncomfortable play — as impure in authorship as morality — which runs a sewerage of corruption beneath thematic avenues as magically redemptive as any in the Shakespearean canon.

The voyeuristic potential of the piece is not lost on Thacker, who encircles Antiochus' incestuous daughter with near-naked men, nipples dangling from their necks, in a travesty of the "noble" competition for Thaisa's hand, while later the beacon of Marina's innocence sheds a lurid light on the diseased whores whose company she is sold, giving a repulsive fascination to the advances of Russell Dixon's unbuttoned Boult and bestowing an almost Fanny Hill-ish eroticism on the feverish attempts of Lysimachus to deflower this latest recruit to the fleshpots.

It does not in this context seem too fanciful to read a degree of complicity into Endolyn Walker's ingratiating Gower, the narrator, who relates his story with as much wink at its scurrility as nod at its narrative power.

Marina, however, not only survives her misadventure but goes on to pair off with Lysimachus — a perversity of plotting which Thacker explains by strongly emphasising the femininity of redemption. It is the goddess Diana, here a spectre wreathed in bridal white, who represents the higher wisdom of the play, while Cerimon, who restores Thaisa to life, is played as a woman heretic.

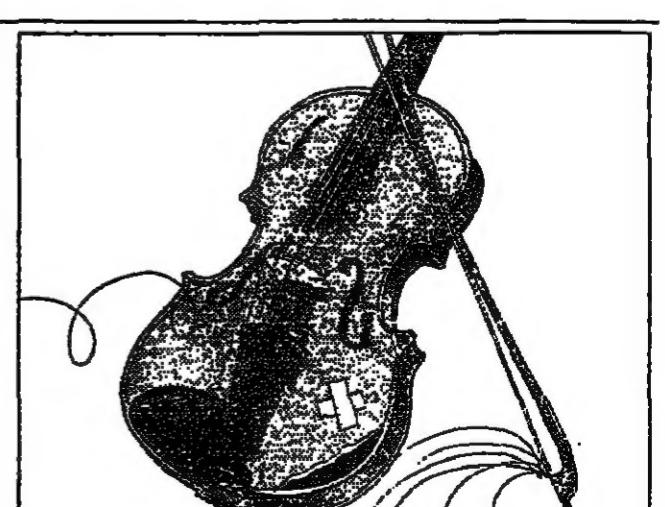
If female faith can restore the dead, so the logic of the production runs, it can also transform the living. Marina's "Are you a woman?" spoken in incredulous tones by Susan Sykes to a bawd who looks like a teazel with a sheep impaled on its head, makes an important point. Neither the Bawd nor Jane Mand's

treacherous Dionyza, first cousin in appearance to Disney's Cruella de Vil, are honest, therefore both are excluded from the magic circle of womanhood.

Rob Edwards, inheriting the title role from Nigel Terry, submits to this interpretation with a good grace initially clean-cut and honestly infatuated with Sally Edwards' voluptuous Thaisa, he is rediscovered by the long-lost child of their union cracked in voice and grubby with grief but quite capable of reverting to his former self, once the initial shock has past.

It is Thaisa who has aged. Edwards' voice dropping half an octave, just as Sylvester's Marina seems to mature out of the breathiness which at first threatens to bedevil her performance. In the smaller roles Helen Blatch and Russell Dixon stand out: she as bawd and wise woman, he marvellously employed as the abominable Boult and Thaisa's gleeful matchmaking father.

Claire Armitstead



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lacked either ease or firmness of tone in his arias. The chorus work, though, was light and pleasing.

On Thursday the Barbican presented Handel's *Messiah* in the increasingly popular arrangement by Mozart. This was a more conventional performance and the London Symphony Orchestra under Jeffrey Tate seemed able to summon only a limited amount of the vivacity and clarity that had informed the Bach, despite a vigorous contribution from the Tallis Chamber Choir. Barbara Bonney was the perfect Dame Anna, soprano soloist and Anthony Rolfe Johnson the infant tenor in "Rejoice greatly". Sarah Walker and Robert Lloyd completed a very able quartet. Otherwise the bright-eyed enthusiasm with which Mozart had viewed the work was sighted only intermittently.

The soprano and mezzo arias were taken by members of the choir in unexceptional style, pure of tone, shapely of phrasing, but sounding overly subdued from their place behind the orchestra. Covey-Crump and Thomas appropriated the tenor and bass solos in addition to their other duties but not to full satisfaction, for each

## A different tune at Easter

while it does not take a lot of ingenuity to find other choral works from all possible styles and periods. This year's selection included an unseasonal *Messiah* and even that was not the traditional Handel.

At a time when every original instrument group wants to stake its claim in the market with new recordings of the Bach choral masterpieces Andrew Parrott and the Taverner Consort have proved among the most individual. They do not set out as if they want to show what a lean and fit professional group like theirs can do and yet they have evidently won an audience to judge from the packed houses at St John's, Smith Square.

This was for the *St John Passion*, which Parrott is in the process of recording. It will be a little, fluid, fast performance. (EMI should have no trouble fitting it on two discs instead of what used to be the usual three.) But the atmosphere was still one of devotional simplicity, far removed from the dazzling technical triumph of Eliot Gardiner or the dance-like rhythmical panache of Leonhardt. Parrott's Bach remains sacred rather than secular.

The conductor is a convert to the theory that Bach would have performed these pieces with minimal forces and there were only 11 voices at St John's: nine in the Taverner Consort, with Roger Covey-Crump as the Evangelist and David Thomas as Christ. This allowed an extraordinary amount of delicate instrumental detail to sing through, though the absence of star turns among the soloists brought more losses than gains in the event.

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## SPORT

# A shot-in-the-arm for footie

**E**NGLISH FOOTBALL scored a much-needed triumph with the first televised showing of two live FA Cup semi-finals last Sunday. For once it was possible to forget the hooliganism, the petty fouls and the tragedies and concentrate on the game as spectacle. And what a spectacle it was.

Three goals scored in two games, with no side ever establishing more than a one-goal lead. No players sent off and scarcely a vicious tackle in either match. Crystal Palace, a chihuahua among underdogs set against the great Danes of Liverpool, avenging a humiliating 9-0 defeat earlier this season with a 4-3 victory. Oldham, playing their unprettiest Cup tie and showing that they can succeed without their plastic pitch, matched against the all-star Manchester United, with several players fresh from the treatment table.

A Liverpool-Manchester United final had been expected by virtually everyone. As it was, the Mancunians scraped through only after four hours of play. The manner of United's cup run – four difficult away wins and a replayed semi-final – confirms the impression that their name is on the Cup, a prediction I made in these columns last August, together with the unadventurous

rous forecast of Liverpool to win the League.

There is still, as so often at Old Trafford, an impression of a host of stars who do not know how to play together as a team. But considering the list of injuries he has faced, that has hardly been the fault of manager Alex Ferguson. An FA Cup victory should give him the breathing space he needs to mend his expensive

*'I told 'em Oldham,' says Philip Coggan. But actually he didn't. He told us Manchester United and here's why they are in the FA Cup Final*

signings into an efficient unit.

But the sensation of the season has been Oldham. What they have shown is that a plastic pitch can prove a positive benefit by enhancing the skills of the players who regularly use it. The artificial surface is unforgiving to players who cannot control the ball and encourages teams to pass quickly to feet. And it is possible that the absence of grass discourages the kind of death-or-glory flying tackle that causes so many injuries and intimidates skillful players.

It would be sad if Oldham fell short of all three targets –

FA Cup, Littlewoods Cup and promotion – although a Palace-Oldham Cup final would have been somewhat lacking in glamour. In the Littlewoods final on April 28, Oldham face Hysen at the centre of their defence. No doubt manager Kenny Dalglish will remedy the flaw with an expensive signing in the close season. But in midfield and attack, the range of his options – McMahon, Houghton, Whelan, Barnes, Beardsley, Rush and the new recruit, Rosenthal – are enough to keep any manager happy.

On the chasing sides, Aston Villa kept up their challenge with a 1-0 victory at Arsenal on Wednesday, but they have lost their impetus over the last few weeks. Nevertheless, it is always good to see clubs with proud histories living up to their past and one side effect of Villa's form has been to make Graham Taylor the favourite to succeed Bobby Robson as England manager.

In fact, Arsenal were by far the better side on Wednesday night. The only area where they fell behind was in their approach towards goal. Villa were much more direct and Tony Daley, though inactive for much of the game, was electrifying when he actually got the ball. Arsenal, by contrast, seemed to have been trained by those old comedians

old partner Neil Webb – now at Manchester United – and following the sale of Lee Chapman, Forest's attack seems rather toothless.

The success of such clubs does represent a small advance for English football. Liverpool have illustrated in recent times that fitness and closing players down only give teams an edge if they are *'allied'* to passing skills which prevent sides from wasting possession. Despite their defeat at Crystal Palace, and despite a few below-par performances, Liverpool look certain to win the league championship once more.

The Merseyside club showed a surprising fallibility to corners and free kicks against Palace, particularly as they have the towering duo of Hansen and Hysen at the centre of their defence. No doubt manager Kenny Dalglish will remedy the flaw with an expensive signing in the close season.

But in midfield and attack, the range of his options – McMahon, Houghton, Whelan, Barnes, Beardsley, Rush and the new recruit, Rosenthal – are enough to keep any manager happy.

An injection of youth into the England side could be necessary if it is to progress very far in this summer's World Cup in Italy. The regulars, on whom manager Bobby Robson relies, have proved their worth in reaching the finals of international competitions. But at the finals themselves, they have all too frequently looked out of their class.

The England manager has been tentative in bringing new players into the side. His argument is really the Catch-22 variant that you need both a settled side and experienced players for the World Cup. Bringing in young players unsettles the side, but if they don't play they don't get the experience.

Everyone agrees that, for example, John Barnes and Peter Beardsley are excellent players. But they have failed to reproduce their club form on a consistent basis at national level. They also lack the element of surprise which new players can provide.

Why not have, say, Tony Daley, as a substitute? His pace would be an ideal weapon against tired opposition legs in

– "After you, Claude." "No, after you, Cecil" – and dithered excessively near the net. However, one suspects that the young Kevin Campbell will soon be among the goals.

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Beardsley is beaten to the ball by Palace's John Pemberton

the closing stages of a match. And he seems young and brash enough not to be intimidated by playing in a World Cup.

There are a few hopeful signs for England – Gary Lineker has regained his scoring touch and Chris Waddle's

play has been much improved by his spell in France. There is just a chance that Bryan Robson and Neil Webb will be both rested and on form at the right moment for the tournament.

But the victory against Brazil should not raise English

hopes too far. England's tactics are still too predictable and its players not confident enough on the ball to have any chance of winning the World Cup. And our fans may yet cause enough trouble to make the football irrelevant.

has already analysed why his side won the third Test and the New Zealanders didn't. He takes an intellectual pleasure, like a man settling down to a game of chess.

Fulford, Clarke and Saurin are a vital part of croquet's resurrection. These young players see the game for what it is: a challenging tactical battle that requires a great deal of skill. They breeze on to the lawns like a breath of fresh air but what they share with the pest (and with the Reverend Elvrey in particular) is straightforward appreciation of a very good game.

This year the Croquet Association is doing its best to encourage more young people to take up the game. They are setting up a network of 24 liaison officers throughout Britain to help organise school leagues. Led by the CA's development officer, Chris Hudson, the plan is to get schoolchildren – boys and girls – into croquet and to encourage schools to join the official club register.

For those interested, a good starting point would be the national school championships. Closing date for school team entries is April 30. Forms and details are available from Brian Macmillan, the Croquet Association, Hurlingham Club, London SW6 2EJ (tel: 0171-736-3145), who can also give advice on coaching courses for school staff.

## Bright Young Things jump the hoops

*Croquet is not just a help-the-aged sport, says Nicky Smith*

tier system in which the foundation, formed by the clubs, is largely populated by wrinkles and woopies; but at the very top, youth rules. Some players are still in their 20s; others are 30-something; still others are very young indeed.

One of these is Mark Saurin, a Lancashire teenager who looks so young that he qualifies for children's portions at the Hurlingham Club and has problems getting a pint in a pub. In 1988, while still at school, he won the British men's championships. Earlier this year he toured Australia and New Zealand as part of the Britain and Ireland Test team which beat Australia 18 games to three and New Zealand 12-2. The latter result was particularly gratifying after New Zealand's dominating performance at Hurlingham last year in the world championships, won by Joe Hogan.

Saurin's performance in the Test was creditable. "The Nipper," as he is now called, returned home more than happy, his head full of ideas of turning professional and taking up the game full time.

Schools croquet in Britain is still in its infancy. Unlike polo, where the pony clubs thrash with activity and pump a steady transfusion of young blood into the game, croquet suffers from the fact that the majority of its club membership is not particularly young.

But encouraging schoolchildren to take up croquet has its problems. One is the old image – daff old dealers pottering about in a slow and boring game. Another is more general – lack of staff, money and facilities. Ivor Brand, who until recently co-ordinated schools croquet for the game's governing body, the Croquet Association, knows all about this. A PE teacher in a Worcestershire school, he is a keen player who spent two years trying to pass on his enthusiasm to school children and other teachers.

"To do croquet justice, you have to give it a lot of time," he says, "but kids want to see the rewards immediately." Yet association croquet is a complicated game, and not many schools have the sort of staff-pu-

ral ratio that enables a teacher to take them individually. One school which does is Queen Elizabeth's Grammar School in Blackburn, Lancashire. Here, French teacher Andrew Bennett deserves canonisation for his devotion to the cause of croquet.

His keenness is more remarkable for the fact that the nearest decent croquet lawn is some 30 miles away at Southport. Meanwhile, he has managed to produce some startling results on a rough lawn at the school. Mark Saurin and his younger brothers have benefited from Bennett's encouragement. So has Chris Clarke, a mighty young "shot" who stormed into the Top Ten rankings of British players two years ago when he won the President's Cup.

Other schools have had some success, including Colchester Grammar School, which produced Robert Fulford, arguably croquet's current brightest hope. The proximity of Colchester Croquet Club – a ten-

minute walk away – and good lawn conditions made it easy for Colchester's budding team, including Fulford, to walk off with the Royal Bank of Scotland's national school championship in 1986, the third year that it was held.

"We had been used to playing on good lawns while everyone else was playing on cricket pitches," says Fulford. Many of the opponents had never played a proper handicap game before and were flummoxed by croquet's strange "blique" system, which involved taking free turns.

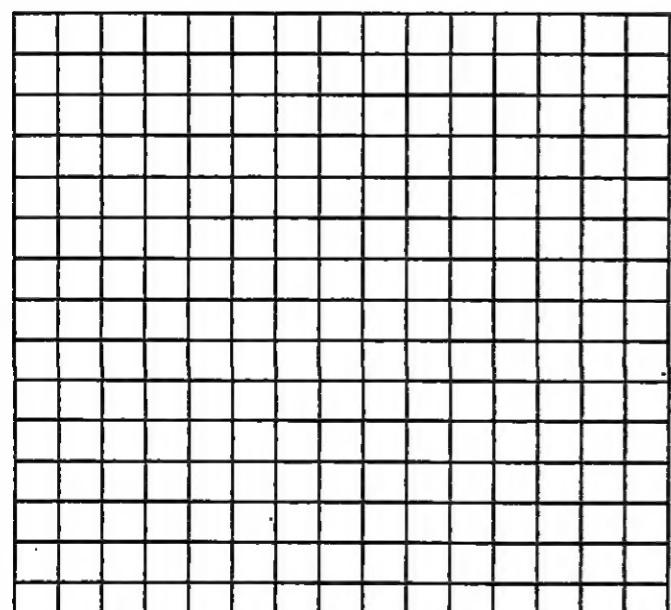
Fulford went on to win the national junior championships, was Northern champion last year and this year played in the Test. Now he has set his sights on the Open championships. He has never got further than the first three rounds in the past, and has a bad record against Chris Clarke, whom he respects considerably.

A pleasant fellow, Fulford's attitude to croquet would reassure any parent who might feel it is a soppy game for a strapping lad. He thinks things through and

## CROSSWORD

No. 7,214 Set by DANTE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 25, marked Crossword 7,214 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 28.



Carte rosée: Solvers are invited to construct the grid as well as solve the clues. The completed pattern will look the same if turned upside down.

ACROSS

1 Task for those not in form?

2 One who takes great interest in business

10 Fifty-nine weaving cloth

11 Coming to a conclusion may be exciting (two words)

12 Prepares for take-off

13 A high range perceptible to the ear

14 Makes a pretence a reality?

15 Arrange to get rid of

18 One who enjoys being patronised

20 Encourages firms that are about to make drastic cuts

22 Make never somehow

24 First on the list of Christians present

25 Pack of cards of prospective school-leavers? (three words)

26 Saw notice on time

27 Unusual goal concerning many

28 Island bird taken in by lady cook

DOWN

1 Support by arms or threaten by them (two words)

2 The form aims often take

3 It's swinging in the rain (two words)

4 Inexperience produces the wrong answers

6 Flight circling before coming to landing (two words)

7 He acknowledges receipt

8 Drove off, disgusted

9 Mint that's still wrapped?

16 Exaggerated account discredited

17 Knocks up an arena for boxing

18 Take on work

20 A sweet shade of brown

21 There's your hidden error

23 State of birth

Solution to Puzzle No. 7,213

Indicates programme in black and white

BBC1

725 am Mother Teresa - A prayer for the former. 730 Saturday Starts Here 725 Laurel and Hardy cartoon. 820 New Adventures of Robin Hood. 825 The Big Picture. 826 Sherlock Holmes. 828 Thunder. 829 Going Live 1212 pm Weather.

BBC2 825 Snooker (First round of the Embassy World Professional Championship at the Crucible, Sheffield); 826 Saturday Starts Here 725 Laurel and Hardy cartoon. 827 Saturday Starts Here 725 Thunder. 828 Thunder. 829 Going Live 1212 pm Weather.

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